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**Exploring the degree of stability in young adults' living arrangements in the
Cape Area Panel Study (CAPS) between 2002 and 2005 and how this relates to
their well-being**

Meagan Jooste
JSTMEA001

Supervisors: Professor Murray Leibbrandt and Associate Professor Ingrid Woolard

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Science in Economics

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COMPULSORY DECLARATION

This work has not been previously submitted in whole, or in part, for the award of any degree. It is my own work. Each significant contribution to, and quotation in, this dissertation from the work, or works, of other people has been attributed, and has been cited and referenced.

Signature:

Signed by candidate

Date: 25 May 2009

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Abstract

The legacy of racial discrimination in South Africa continues in terms of differences in levels of income and poverty across races. While much work has been done on understanding these dynamics at the level of the household, little attention has been paid to the impact on individual members, specifically young adults. This dissertation illustrates the extent to which young adults of the three dominant race groups (African, Coloured and White) alter their living arrangements and how these changes relate to changing household income dynamics. In this way, a clearer understanding is developed of how household fragmentation and reconstruction influences the well-being of young adults. The Cape Area Panel Study (CAPS) of young adults between the ages of 14 to 22 years in 2002, and 17 to 25 years in 2005, is employed to investigate these living arrangement and income dynamic changes in 2002 and 2005. In general, it is found that most young adults reside with both parents or with their mother. African young adults have a more varied living arrangement pattern than Coloureds and Whites. This dissertation defines a measure of young adult living arrangement stability. This measure distinguishes between young adults who have stayed in the same living arrangement, ‘stayer’ young adults, and those who have altered this, ‘mover’ young adults, between 2002 and 2005. This distinction is used to explain and contrast the well-being of these two groups of young adults using their household income dynamics. Overall, while the literature suggests that there is a large degree of fluidity in the living arrangements of young adults, this dissertation shows that it occurs on a limited scale in the CAPS. A poverty transition analysis shows that stayer young adults progress at a faster pace than movers. In contrast, mover young adults experience greater upward mobility in their well-being over time. A multivariate regression analysis shows that whether a change in a young adult’s living circumstance impacts on their well-being, depends on their initial (2002) living circumstances. As such, in formulating strategies to enhance the well-being of young adults, attention should be given to the living arrangement dynamics they confront.

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1 INTRODUCTION

Young adults are a growing proportion of the developing world's population and as a future labour force their outcomes have a crucial impact on the economic prospects of their country. While it is known that a young adult's living arrangement influences their well-being (Card and Lemieux (1997), Rama and Richter (2007), Keller (2004), Manning and Brown (2006), Manski (1992) and Anderson, Case and Lam (2001)), little is understood about the distribution of young adults across such structures in South Africa. This dissertation identifies the various living arrangements of young adults in the Western Cape. The young adults are observed at two points in time, in 2002, when aged between 14 and 22 years, and in 2005, when aged between 17 and 25 years. These age groups thus encompass children and youths. To gauge the extent to which young adults are exposed to changes in their living arrangements over time, a measure of the degree of stability in living arrangements is derived. These living arrangements and their changes are in turn discussed in relation to the income dynamics of their household. It is found that different living arrangements imply significantly different levels of well-being for young adults over time. In addition, as young adults change their living arrangements we observe a significant impact on their well-being over time, depending on their initial living arrangement. Overall, the dynamics of a young adult's living arrangements play an important role in their well-being over time.

This dissertation makes a number of contributions to the literature surrounding young adults' living circumstances. The living arrangements which young adults are exposed to are explicitly identified using household level relationship information. Then, by tracking the living arrangement changes of young adults using a longitudinal study, the relative stability or instability of their living circumstances is illustrated. While the literature tends to focus on the household as a unit rather than as a composition of individuals, this dissertation looks deeper into the household to understand the experiences of a particular group of its inhabitants, namely young adults. In this way, the living arrangements of young adults are interpreted in terms of their perspective.

My approach acknowledges that the well-being of young adults is a function of household well-being as well as the other dynamics, such as their living arrangement. At the outset it is recognized that living arrangements are complex. While the nuclear family tends to be the core of most living arrangements it is often extended to include multigenerational family linkages which are increasingly used to secure the household's livelihood (Bengston, 2001). The final contribution this case study makes is that, in contrast to much of the prevailing South Africa literature on the subject, it is conducted in an urban environment. The Cape Area Panel Study (CAPS) of young adults allows the exploration of all the aforementioned issues and its 2002 and 2005 waves were employed for this purpose.

This dissertation contrasts the living arrangements of young adults in 2002 and 2005 across race, gender and time. Young adults are categorized as living under one of the following arrangements; both parents, either parent, grandparents, uncle(s) or aunt(s), other family, non-family or some combination of these. Taking living arrangement dynamics a step further, a measure of young adult living arrangement stability is defined. This measure identifies those young adults who have stayed in the same living arrangement as ‘stayer’ young adults. For example, if a young adult resided with both their parents in 2002 they must be seen to be living with at least one of their parents in 2005 in order to be defined as a “stayer”. Parents thus act as ‘anchor’ individuals in the living arrangement dynamics. In contrast, ‘mover’ young adults are those who have changed their living circumstances between 2002 and 2005.¹ The reasoning behind why a young adult may be a stayer or mover are not explored but rather, this distinction is used to explain and contrast the well-being of these two groups of young adults using their household income dynamics.²

In general, it is found that most young adults tend to reside with both parents or their mother. A pattern which stands out is that African young adults have more varied living arrangements than Coloureds and Whites. A welfare analysis of the CAPS young adults shows that stayer and mover young adults experience marginally different levels of well-being over time.³ An absolute and relative poverty analysis then shows that poverty amongst the CAPS young adults, is on the decline. In addition, in terms of well-being, while stayers progress at a faster pace than movers, mover young adults evidence greater upward income mobility over time, than stayers. A multivariate regression analysis of the determinants of the change in the well-being of young adults indicates that the well-being of a young adult is significantly related to their initial and changing living arrangements. In particular, stayer young adults who lived with both parents or their uncle(s)/aunt(s) or alone in 2002, experience higher changes in their well-being than mover young adults who lived with both parents and a grandparent(s) in 2002. This implies that being a stayer has a positive impact on a young adults well-being. Thus, in order to influence the environment in which young adults progress, it is crucial that we understand the dynamics of their living arrangements over time.

Overall, this dissertation shows that in order for strategies to improve the well-being of young adults to be effective, understanding their home environment is crucial to design the means to alter and improve their well-being over time. The section to follow provides an overview of the literature

¹ The core focus of this dissertation is not necessarily of identifying those young adults who physically relocate and change their living circumstances over time, but rather on the general group of young adults who undergo a change in their living arrangements over time.

² One of the shortcomings of the CAPS and most other panel studies is that mobility between waves is not recorded. While the young adults may have been observed to be in the same household and the same living arrangement within such household, both the young adult and other family members may have changed residence several times between waves. As such a young adult may have returned to their original position in the second wave and yet have moved locations entirely. The impact which that new environment has on their well-being cannot thus be traced.

³ While there are a host of different measures of well-being in the literature, this dissertation follows Fields et al (2003) in using real income per capita as a measure of young adult well-being.

surrounding the various and changing living arrangements of young adults, and the associated impact these have on their well-being. Thereafter the CAPS is used to explore how these living arrangements differ by demographic and household characteristics, such as race and household income, as well as the characteristics of the household head like their gender, age and highest level of education. A measure of living arrangement stability is then derived and employed to understand whether changes in the living arrangements of young adults are related to the changes we observe in their well-being over time. Ultimately, it is shown that living arrangement dynamics play a role in the well-being of young adults in the Western Cape.

University of Cape Town

2 THE LIVING ARRANGEMENTS OF YOUNG ADULTS

The structure of a household has an important influence on the outcomes its inhabitants are able to achieve. These outcomes are experienced in a different way for every household resident. While the literature tends to focus on the household as a unit rather than as a composition of individuals, this dissertation looks at the experiences of a particular group of its inhabitants, namely young adults. In most economic analyses of young adult well-being, it is the family or household which is targeted to alleviate poverty amongst its young adult inhabitants rather than the young adults themselves. As such "... the material and social conditions of children ..." are ignored (Rama and Richter, 2007). By viewing matters from the perspective of young adults, this dissertation acknowledges that the outcomes of young adults are a function of household well-being as well as other dynamics. In particular, the living arrangement of a household is related to the well-being of its young adult residents. The literature discussion to follow suggests that different living circumstances imply different outcomes for young adults. In addition, changes in the living arrangements of a young adult imply changes in their well-being.

While the living circumstances of children are often dependent on the decisions taken by their parents or caregivers in this regard, as they mature young adults frequently have greater autonomy in their living arrangement decisions. Overall, this dissertation proposes that the living arrangement dynamics of children and youths have overlapping patterns. As such, the living arrangement dynamics of young adults, defined to include young children and youths, is the focus of this dissertation. The choice framework of the family of a young adult, who decide on the young adult's living circumstances, as well as the decision-making process of the young adult is thus accounted for. The literature presents a large body of information on the various living arrangements of young adults, and the factors which bring about changes in a young adult's living circumstances. However, the missing link in understanding the dynamics of young adult living arrangements is what the degree of stability in the living arrangements of young adults is. The purpose of this dissertation is to identify the extent to which young adults undergo living arrangement changes, and setting out the literature on the various living arrangement structures acts as a platform for this.

This section outlines the literature surrounding firstly, the significance of living arrangements in determining the well-being of young adults. Secondly, the variety of living arrangements a young adult is exposed to are discussed and thirdly, the way in which these different living arrangements bring about different outcomes for young adults is examined. The complexity of living arrangements is illustrated by the fact that these range from a simple nuclear, to an extended and even multigenerational form. Next, the importance of identifying the factors which bring about changes in the living arrangements of young adults is explained and examples of these provided. The discussion here is not restricted to a particular context but

rather explores the general trends in living arrangements of young adults in the South African and global contexts.

2.1 The significance of living arrangements in determining the well-being of young adults

To understand the dynamics of a young adult's well-being, it is crucial that we recognize the dynamics of their living arrangements. Bane and Ellwood (1986) find that the family structure, or living arrangements, of a household is an important determinant of its income dynamics. Card and Lemieux (1997) and Rama and Richter (2007) find that the family unit is important in assisting young adults to maintain their well-being. By living with their family, young adults are able to rely on their family for financial and other support to sustain them through the difficult transition to adulthood. Keller (2004) finds that both parents and other elderly household members with whom a young adult resides, assist them in securing a livelihood when labour market conditions are poor. Young adults are able to make use of their familial linkages to find employment and secure themselves a living. It is the income, shelter, access to facilities and the social networks which assist young adults in sustaining a living under a range of challenging labour market conditions. As such, the family unit acts as a safety net for young adults.

The literature on the living arrangements of young adults is varied in its analysis and extent. While some authors focus on the deeper roots of living arrangement changes, others attempt to identify how different living arrangements impact on the well-being of young adults. One of the most revealing trends in the literature, is that young adults are exposed to a variety of living arrangements over their lifetime.⁴ Hunter and Ensminger (1992) analyze the urban - African American population and find that children tend to experience a diverse range of living arrangement changes over time. While many of them are likely to reside in a single-parent or nuclear family living arrangement, a significant number of them (34.5%) were likely to live under extended family circumstances (Hunter and Ensminger, 1992: 422). While these results cannot be generalized across the other racial categories, to a large extent these trends are explained by economic transitions during the period of the 1960s – 1980s (Wilson, 1987). Observing the living arrangement patterns and transitions of children is thus crucial to understanding the livelihood choices taken by households in an evolving economic environment (Hunter and Ensminger, 1992).

There is evidence showing that females in particular, are experiencing varied living arrangements as compared to previous generations. Schoen, Landale and Daniels (2007) focus on the transitions to adulthood of the female population below the age of twenty-four years. The data employed are that of the first (1995) and third (2001 – 2002) waves of the National Longitudinal Study of Adolescent Health in America. The authors find that contemporary females are making progress to adulthood in a variety of different ways and in quite a different manner to previous generations. Specifically, of the relevant age

⁴ This literature discussion is based on the proposition that the living arrangement dynamics of young adults encompasses the living arrangement dynamics of children. As such, while many authors discuss 'children' as the core individuals who are exposed to different, and changing living circumstances, this paper will refer to these children as young adults.

group, only one fifth of these women will marry (Schoen, Landale and Daniels, 2007: 807). The authors find an increasing trend of cohabitation of partners prior to marriage.⁵ This evidence suggests that women in their early twenties are a group subjected to diverse living arrangements.⁶ Evolving socio-economic circumstances are thus having an impact on the living patterns of young females.

Similar work by Moultrie and Timaeus (2001) in South Africa identifies a large degree of dependency of women aged in their twenties and younger on parental co-residence. A key result of their study is that “...Women’s living arrangements are the outcome of a dynamic process that is influenced by the economic, social and political forces that bear on them” (Moultrie and Timaeus, 2001: 215). The authors note that women between the ages of fifteen to nineteen years are most likely to reside at home. For women in their early twenties, however, there is a greater variety in the choice of living circumstance with a large proportion still choosing to live at home with their parents and siblings. Females thus experience diverse living circumstances depending on their stage in life and the environment they are exposed to. Overall, recognizing that different young adults experience different living arrangements, informs our approach to analysing the well-being transitions they make over time.

The living arrangements of young adults are thus varied and Mitchell, Wister and Gee (2004: 544) suggest that some of the factors which bring about such variation are: changing labour market opportunities, more mature ages at marriage, greater secondary education enrolment and increased immigration. The authors note that such factors dominate the decision a young adult takes when determining whether or not to live with their parents. Among Canadian young adults, between the ages of 19 – 35 years, there are significant differences in living arrangements. In contrasting young adults of different ethnicities, namely British to Indo or Chinese, and Southern European young adults, the authors find that the latter reside at home for a longer duration than the former. Some of the factors which are evidenced to affect this outcome are the quality of the relationship between such young adults and their parents as well as the extent of financial support their parents afford them. In addition, the income, marital status, and main activity of the young adult determines the timing of home-leaving and the duration young adults reside away from their original home (Mitchell, Wister and Gee, 2004: 543). As such, a host of changing cultural and socio-economic factors play a role in the living arrangement decisions young adults face in both the developed and developing world.

Thus far this section has shown that young adults experience a variety of different living arrangements. Identifying these various living circumstances improves our understanding of the transitions young adults make in their well-being over time. Specifically, the living environment in which a young

⁵ In addition, more and more children are exposed to cohabiting parents. This more prominent family form thereby has an important role to play in the well-being of the relevant children (Manning and Lichter, 1996).

⁶ The only disadvantage of this analysis is that due to data problems, the same discussion could not be formulated for the male population.

adult resides is a function of their particular kind of living arrangement, their specific cultural and demographic characteristics as well as other household factors. Altogether, different living circumstances bring about different levels of well-being for young adults and, different young adults experience different levels of well-being. In the next section, the way in which different living circumstances impact the outcomes of young adults is discussed.

2.2 The impact which different living arrangements and living environment factors, have on the well-being of young adults

Manning and Brown (2006) suggest that whether a child's resident parents are married or simply cohabiting has an important impact on their well-being. In particular, they observe that children who reside with cohabiting rather than married parents tend to experience much greater transitions and are possibly more likely to suffer financial instability (Manning and Brown, 2006: 346). In addition, they recognize that the well-being of children "...depends on [their] parent's cohabitation status, parent's socioeconomic circumstances, race and ethnic group, the measure of material well-being, and the biological relationship of children to adults" (Manning and Brown, 2006: 357). Specifically, while poverty amongst households with cohabiting parents has declined over time, it is still the case that the outcomes achieved by children who reside with their married parents are better. Young adults who reside with both and married parents thus show better outcomes overall, than those whose parents merely cohabit.

Similarly, Manski (1992) finds that young adults who reside in 'intact family' structures such as a residence with two biological parents, stand a better chance of graduating from high school than young adults who reside with a single parent or live in some blended family living arrangement. They find that young adults residing with married parents tend to achieve better outcomes than their cohabiting parent counterparts. In a related discussion Anderson, Case and Lam (2001) note the crucial role played by the family unit in determining the schooling outcomes of young adults. Specifically, young adults residing with their mother tend to have a higher level of education. In contrast, young adults who live without either of their parents are likely to attain a poorer schooling outcome.⁷ Overall, the literature points to an important role being played by both parents and single mother living arrangements in determining the outcomes of young adults. There are however a host of other kinds of living circumstances facing young adults and these additionally have different impacts on the well-being of young adults.

Keller (2004) looks at the impact which the presence of a pension-aged individual has on household structure in rural households in South Africa and finds that the pension provides a source of income and support to other household members which discourages them from structuring additional households (Keller, 2004: 463). This finding is supported by the evidence from a probit analysis which shows that the likelihood that an African male will set up his own household decreases, the higher is his current

⁷ The authors also identify an important role to be played by the receipt of a pension in household supporting children, as grandparents often step in to compensate for the inability of parents to cover the costs of education or other expenses.

household's per capita income. With regards to pension-aged individuals, female pensioners play a significant role in securing the livelihood of their extended family members. Specifically, unlike evidence from the developed world would suggest (such as that of Caputo (2000)), pensioners are likely to sacrifice their opportunity to set up their own household. Many pensioners would thus rather reside in multigenerational circumstances so that they can assist their family members by providing a safety net to them in difficult economic circumstances (Keller, 2004: 480).⁸ For the young adults who reside in such living arrangements we can infer that they are likely to achieve better outcomes by having access to the financial resources of the pension-recipient.

Young adults are affected by a host of other factors which relate to their living environment. Specifically, the educational outcomes of a young adult are often influenced by the 'neighbourhood effects' in the form of contextual factors like a student's learning abilities as well as the environment in which they learn which can influence their educational attainment (Brooks-Gunn et al, 1993 and Garner and Raudenbush, 1991). In particular, Dinkelman, Lam and Leibbrandt (2007) note that the educational outcomes of young adults are inextricably linked to their sexual behaviour choices. Given that a large share of African young adults repeat grades, their maturity in sexual behaviour often spills over to their younger classmates whose activities and educational outcomes are in turn affected. Overall, when understanding the outcomes young adults attain it is important to realize that there are socio-economic and cultural factors in the environment in that a young adult develops which influences their outcomes.

The preceding discussion indicates that depending on with whom a young adult resides with, the outcomes they achieve will be differentially affected. In particular, the literature in this regard points to an important role played by both parents, single mothers and extended family living arrangement structures in determining the outcomes of young adults. In addition, the socio-economic and cultural characteristics of a young adult's living environment have also been shown to determine their outcomes. The next section outlines why it is important to recognize that young adults alter their living arrangements over time. In section 2.4 the dissertation delves more deeply into the factors which bring about changes in the living arrangements of young adults over time.

2.3 The importance of living arrangement changes in determining the well-being of young adults

The structure of a household has an important influence on the well-being of its inhabitants. In particular, Bane and Ellwood (1986) find that living arrangement changes have an important influence on the dynamics of household poverty. They specifically focus on whether the household head has changed between periods. While the head of household's change in earnings over time helps explain a lot about the poverty trends a household undergoes, it is living arrangement changes which play a more pivotal role in

⁸ National longitudinal studies like that of Steyn (1995) and Ziehl (2001) show that the nuclear family in South Africa is of a lesser prevalence as compared to the rising prevalence of such extended household structures (Ziehl, 2003b).

this regard (Bane and Ellwood, 1986). For example, while a decrease in the household head's earnings was sometimes found to be the cause of a poverty spell, for nearly half of the time, living arrangement and other changes in household events were associated with the start of a poverty spell (Bane and Ellwood, 1986: 21)⁹. Studies of poverty which focus on the household head's income as the primary cause of the start and end of a poverty spell thus mask the importance of household and familial dynamics in such trends (Bane and Ellwood, 1986). It is clear that changes in the living arrangements of individuals' presents a starting point in our understanding of the transitions in their well-being over time.

It should also be emphasised that poverty transitions are experienced differently across diverse demographic groups and various living arrangements. In an update to Bane and Ellwood's, Stevens (1994) finds that, between 1981 and 1987 there was a decline in the mobility of American households out of poverty, which was particularly concentrated amongst female-headed households. This pattern existed regardless of the length of a poverty spell. In addition, similar to Bane and Ellwood's finding, Stevens notices that certain racial groups are more likely to experience poverty during this time, specifically the black (non-Hispanic) population. An important contribution Stevens makes is recognizing that households may repeatedly experience poverty spells. Overall, understanding the changes in the composition and characteristics of a household helps to comprehend what impact such changes have on the well-being of household members.

In this context, identifying the way young adults respond to changes in their household composition informs our knowledge of the impact such household changes have on a young adults well-being. As young adults are forced to alter their living circumstances, the strategies they engage in as a response to 'domestic instability' become an entrenched part of their lives (Spiegel, 1996: 6). As such, young adults become accustomed to residential instability, and as they mature they are likely to engage in similar coping strategies to those their parents would institute to sustain a living. The relationships and social networks that young adult have to create every time they alter their living arrangements are often quite weak and short-lived. Overall, the ability of a young adult to maintain or improve their well-being is inextricably linked to the changes in their living arrangements, and thus to the degree of stability in their living arrangements over time.

Where children experience a change in their living circumstances such that they reside with their extended family, they may be welcomingly embraced or, as Young and Ansell (2003) suggest, feel sidelined by their caregivers. In particular, the caregiver may give their biological children superior care to that of their non-biological children. As a consequence, the well-being of the 'mover' child is jeopardized because they are not treated with equivalent care. The living arrangement changes children undergo are thus

⁹ Some of these events include when the familial changes such as divorce occurs. For example, a single parent circumstance arises and a woman becomes the household head.

likely to impact their emotional and psychological mindset, which in turn may affect their determination to reach certain outcomes.

This section has shown that as young adults experience changes in their living arrangements, their well-being correspondingly changes. As such, the changes which a young adult's household undergoes, influences their ability to achieve a certain level of well-being. While the focus of this dissertation is not to understand why young adults alter their living arrangements, identifying some of the factors which bring about changes in the living arrangements contributes to our understanding of the determinants of young adult well-being over time.

A number of factors can cause a young adult to alter their living circumstances. While a child's parent or caregiver may dictate their living arrangements, more mature young adults may decide to alter their living circumstances to enhance their own well-being. Earlier, mention was made of the decision framework of young adults as regards residence with their parents. Specifically, young adults are suggested to take account of their socio-economic and other circumstances when deciding whether or not to live with their parents. In many cases, young adults do not have the freedom to alter their living arrangements at will, as their financial constraints make them dependent on their family in order to survive.

In Southern Africa, many young adults are subjected to household dynamics which dictate they alter their living arrangements in order to improve, or secure a certain level of well-being. Some of these dynamics include: the death of a parent or caregiver, the need for their caregiver to seek better economic opportunities, risky or unsafe homes, the young adult's autonomy in their living arrangements as well as contextual changes which affect the young adult's living circumstances. The next section outlines some of these factors and explains the impact which these may have on the living arrangement circumstances of young adults over time. While the next section highlights the circumstances where young adults physically relocate and change their living arrangements, this dissertation focuses more broadly on distinguishing between those young adult who do or do not experience a change in their living arrangements, regardless of whether they physically relocate or not.

2.4 The factors which bring about changes in the living arrangements of young adults

HIV/AIDS presents a natural case study to observe the impact of death on the living arrangements on young adults. Young and Ansell (2003) observe that with the spread of the HIV/AIDS epidemic, children are increasingly forced to migrate to new living arrangements. In the context of AIDS, children generally move for two reasons. First, a child may be relocated to live with wealthier extended family that can support them. In some situations children may be relocated in order to support other households with completing tasks, care for diseased family members or perhaps to assist with nurturing other HIV/AIDS orphaned children. Madhavan and Schatz (2007) note an increase in the proportion of orphaned and adopted children during a period when HIV/AIDS prevalence increased rapidly (1992-2003). This, along

with the fact that working-aged adults may out-migrate to areas with viable employment opportunities, could explain the increasing addition of relatives and grandchildren in extended or multigenerational households which Wittenberg and Collinson (2007) observe. Schatz (2007) notes an increasing reliance on elderly women to care for their sick adult children as well as to perform the role of nurturer to their surviving grandchildren. Yet, other evidence from the KwaZulu-Natal area of South Africa suggests that children are more likely to move for the death of a parent if such death is not due to HIV/AIDS.¹⁰ Thus, where HIV/AIDS affects the well-being of the caregivers of the young, the living circumstances of a young adult are sometimes also affected.

The second reason a child may relocate is because they may be forced to move to ensure that the original household can sustain itself. Since HIV/AIDS prevalence is highest among prime aged adults, the AIDS-related death is often of a working-aged individual resulting in the loss of a household income source. Overall, HIV/AIDS has an impact on the consumption patterns of the household residents and in this way on their well-being (Beegle, De Weerd and Dercon, 2006). However, Grimm (2006: 1) recognizes that such shocks are likely to have a less severe impact on household consumption when mortality is amongst children or older adults. In contrast, if a household experiences the death of a working aged adult they are forced to seek out and implement coping strategies to survive. It is thus clear that the death of a prime-aged adult in a household is likely to result in lower levels of consumption for those surviving, including young residents. Young and Ansell (2003: 465) suggest that the disease is thus “robbing many young adult of their parents and family-kinship groups”. Children faced with such circumstances may alter their residence patterns, in order to secure their original household’s well-being. Overall, children are increasingly forced to change their living circumstances to secure their own and their family’s survival as HIV/AIDS continues to affect the livelihood of households.¹¹

In pursuing better economic or employment opportunities the parents or caregivers of a child may decide to alter a child’s living circumstances to adapt to a physical relocation of the family. Van der Waal (1996: 31) points out that unstable living circumstances tend to be a life-long trend for many rural women and their children in Southern Africa. The UN (1995) additionally finds that women who determine the living arrangements of their children and themselves, often do so as to achieve the best possible well-being

¹⁰ It is suggested that if a child’s parents fall ill due to AIDS, their caregivers can plan their living arrangement security in advance unlike if their parent dies from a traffic accident or other unforeseen event (Ford and Hosegood, 2005). It is also important to note that in the South African context with democratization, there was freedom of movement of all races, and this may explain the increasing departure of young adults from cohabitation with their parents at younger ages than noted under the Apartheid era (Madhavan, Schatz, 2007: 86).

¹¹ Carter et al (2007) make use of a fixed effects model to explore well-being in the context of household shocks with specific focus on the premature death of an adult resident in a household. The authors prove that the households who suffer the most in the immediate aftermath of a death are those that are better off financially (Carter et al, 2007: 7). It is however the poor households who suffer the persistent and long-term consequences of premature adult mortality. In more recent work by May and Timaeus (2008 – 19 November SALDRU seminar discussion), find that HIV/AIDS does not have the debilitating impact on its household which most literature in this regard indicates. In addition, the epidemic appears to have a greater impact on wealthier, rather than poorer, households when a young adult dies. The authors additionally find that a maternal death is associated with much greater fostering out of children than any other adult family members death.

outcomes for both parties. Although the nuclear family tends to be the dominant household structure, in a large number of cases women at some point live with their extended family as well. A woman may have to choose different living circumstances for a number of reasons including when a marital disruption, such as a divorce from her spouse, has occurred. As such, the dissolution of a marital union can lead to restructuring of the household which children find themselves in. Alternatively, a mother may have no choice but to place her children under the care of others (usually extended family) while she pursues an employment opportunity that can support them both in achieving better well-being outcomes.¹² Overall, the living arrangements of children can vary according to their caregiver's socio-economic circumstances.

Similar evidence is provided through qualitative interviews amongst the African community in Cape Town. These indicate that the basic nuclear family network of parents and their children, does not typify African living arrangements in the city (Spiegel et al, 1996). Rather, there tends to be household 'stretching' in the sense that families are spread between rural and urban areas in order to ensure their financial viability. An example would be when a single mother resides in the city, separate from her children in her original rural household in the Natal area. This stretched household structure reflects this single mother's decision to build up a secure economic base for herself so that she can support her young adult through remittances to her parents (the caregivers of her children). In this way she ensures her children's current well-being as well as a future of better outcomes for them once they are old enough to care for themselves. While this example does not provide evidence of a movement of children in the immediate time-frame, it reflects that the caregivers of a child can organize their children's living arrangements in such a way that their future outcomes are more viable.

The parents and caregivers of a child may also adjust their children's living arrangements so that they reside with their extended family. Specifically, Spiegel et al (1996) note that many children live separate from their parents but in the same urban area. One case study of relevance is where a non-relative assumes responsibility for the care of a young adult in response to her sympathy for the plight of poverty the child is faced with in their parents' home (Spiegel et al, 1996). This self-less act by a non-relative, taken from an example of the social networks at play in an African community in Cape Town, can assist a child in avoiding some of the psychological scars associated with poverty. This case study reveals the complex nature of young adult living arrangements and of the important role played by non-relatives in securing young adults' well-being.

This section has shown that the living circumstances of a young adult depends directly on the character of their caregiver. Specifically, it was shown that some of the factors that determine whether a young adult changes their living arrangements include the health and wealth of their caregiver. A change in a young adult's living arrangement can thus come about for a number of reasons. In general, it is the

¹² This arrangement is typical of the mother in Spiegel et al (1996) study who moved from her rural home in KwaZulu-Natal to Cape Town to seek and secure employment which allows her to remit income to her children and parents in KwaZulu-Natal.

household dynamics of a young adult's initial living arrangement which determines whether or not they change their living arrangement. As such, when considering the changes in the well-being of a young adult, it is crucial that we keep in mind what their initial living arrangements are, as well as what the degree of stability in their living arrangements is.

This literature reveals that young adults are exposed to a variety of living arrangements. Of particular importance to the outcomes a young adult achieves, is whether they reside with both their biological parents or not. The outcomes which a young adult attains are thus closely related to their living circumstances. In addition, the household dynamics of a young adult's household plays an important role in the well-being transitions they make over time. Specifically, the character of household members such as their health, socio-economic status as well as the degree of household shocks experienced, determine whether a young adult changes their living arrangements over time. While the stationary and changing living arrangements of young adults have been discussed, what the literature does not communicate is firstly, how young adult's view such living arrangement changes over time. Secondly, little research has been done on the living arrangement dynamics of young adults in the urban contexts of South Africa and on the degree of living arrangement stability. This dissertation addresses these limits to the literature on the relationship between the changes in the living arrangements of young adults and changes in their well-being over time, by formulating a measure of living arrangement stability for a sample of young adults in the Western Cape.

2.5 Choice Measures

The aim of this dissertation is to understand how the stationary and changing living arrangements of young adults relates to their economic well-being over time. Fields et al (2003) notes that while certain studies of household income dynamics use consumption as the measure of individual well-being, using income instead would not necessarily reduce the quality of one's findings. In this dissertation income is the measure of well-being and specifically, the real per capita income of a young adult is the metric measure of well-being. Depending on the analysis conducted income is used in three different forms: as real per capita income, logged real per capita income as well as in terms of the change in real logged income. Fields et al (2003) note that using real per capita income allows us to understand the absolute income dynamics of individuals. By analyzing the changes in logged income over time, we are then able to contrast income changes across groups. The dependent variable of analyses throughout this dissertation is thus well-being, as reflected by per capita income.

The purpose of this dissertation is to understand how the living arrangements of young adults affects their well-being. The Cape Area Panel Study (CAPS) of young adults in the Western Cape allows the clear disaggregation of young adults according to their living arrangements. Specifically, based on the relationship which each household member has to a particular young adult, young adults can be categorized as living under a particular arrangement in 2002 and 2005. As the results of this disaggregation in Section 4

shows, the CAPS sample is predominantly characterized by the classic nuclear family living arrangement. At the outset, it is useful to acknowledge some of these living arrangement changes. Fields (1996: 2) notes that some of the most significant living arrangement changes include "...parental divorce, remarriage, out-of-wedlock childbearing, cohabitation of unmarried parents, the growth of multigenerational families, and parental mortality."

Using the various living arrangements, it is then possible to determine the extent to which young adults have changed their living circumstances between 2002 and 2005. This measure of young adult living arrangement changes acts as a measure of their living circumstance stability. The suggestion this dissertation makes is that the well-being transitions which young adults make are a function of their living arrangements and the fluidity of these over time. Spiegel et al (1996) conduct a qualitative study of households in the Cape Town area so as to investigate the degree of fluidity of household members. They note much diversity and fluidity across households. Ziehl (2003a) notes that a more dynamic approach to understanding family patterns is needed.

While the preceding literature regarding the changes in the living circumstances of young adults is immense, what is absent is research into the degree of stability in the living arrangements of young adults. It is this matter which this dissertation explores, namely, the impact which the degree of young adult living arrangement stability has on their well-being over time. In line with Ziehl, this dissertation finds that while young adults in the CAPS experienced changes in their living circumstances over time, a more stringent stability measure proves the limited scale at which this is taking place. Nonetheless, observing this relative stability in living arrangements across young adults provides a platform to explore the impact which such change has on the well-being of affected young adults.

In general, investigating the fluidity of young adult living arrangements is important because household fluidity has an important influence on the policy decisions taken to affect its intended target communities (Spiegel et al, 1996). One of the problems facing policy in the immediate post-Apartheid era is its failure to recognize this complex character and form of household and living arrangements (Spiegel et al, 1996). This dissertation will not review the policy currently employed to affect the outcomes of households. Rather, it will set out the trends in and, degree of stability in the living arrangements of a subset of South Africa's young adults, so as to inform the approach policies can take to enhancing the well-being of this crucial portion of the population. The value of this dissertation is that it undertakes analysis from the perspective of young adults, rather than at the household level. As such, the well-being transitions of young adults are understood with respect to the environment which they reside in. In this way, a contribution is made to understanding which factors should be targeted to change the environment in which they live so as to improve their well-being over time.

3 DATA

From the preceding literature on the living arrangements of young adults in South Africa, it appears that those young adults who alter their arrangements are likely to experience a change in their well-being over time. In many circumstances, young adults who change their living arrangements observe worse outcomes than previously. Overall, the literature is unclear on whether the stability of a young adults living arrangements necessarily implies an improvement or worsening in their well-being over time. While under some circumstances a change in a young adult's living circumstances results in them improving their well-being, in other situations such a change may be associated with a worsening of a young adults well-being. Altogether, there is little consensus on how the stability of a young adults living arrangements affects their well-being. In addition, much of the literature on the matter focuses on young adults in the rural context. This dissertation makes a contribution to the literature by outlining the initial and changing living circumstances of a sample of young adults in the urban context of Cape Town. Specifically, a measure which distinguishes between those young adults who have maintained or altered their living arrangements is derived and used to test whether a change in a young adult's living circumstance is associated with a change in their well-being over time.

The data used to identify the changes in young adults' living circumstances and well-being over time is that of the Cape Area Panel Study (CAPS) of young adults in the Western Cape. The CAPS is a longitudinal study which tracks the lives of young adults and young adults in metropolitan Cape Town as they move from adolescence to adulthood (CAPS, 2006).¹³ The study was conducted in consecutive waves with Wave 1 taking place in 2002 when approximately 5250 households and 4750 young individuals between the ages of fourteen and twenty-two were interviewed. Follow-up interviews of only the young individuals were then conducted in 2003 and 2004 making the second wave, and in 2005 the third wave of interviews was carried out on the entire young adult sample in addition to their associated households. The most recent wave of the survey was completed in 2006 and involved the re-interview of all the young adults in the study as well as their households (CAPS, 2006). This dissertation will focus only on the first and third waves and as such the data for 2002 and 2005.

The benefits of using the CAPS are evident in the panel nature of the study. This allows us to track the same young adults through time as they experience life changes. Given that this dissertation aims to explore well-being from a young adult's perspective, this survey provides a strong grounding for pursuing such analyses. The associated household data attached to each young adult in turn provides the platform to further comprehend how household dynamics affect the outcomes achieved by young adults. Thus by

¹³ A detailed discussion of the sampling techniques used in formulating the CAPS study is provided by Lam, Seekings and Sparks, 2006.

identifying the extent of household changes, whether it is in structure or environment (i.e. physical relocation), we can informatively suggest the impacts these have on young adult outcomes.

In order to explain the relationship the impact which household dynamics has on young adult well-being, some key variables which the CAPS data make available include: detailed household rosters indicating the status and activities of its residents, demographic, schooling as well as labour force participation information. In addition there is a useful set of questions regarding the experience of shocks to a household prior to the time of the study as well as a rich body of information on the income dynamics of these households.

Using the CAPS data also allows a more explicit view of poverty and inequality dynamics as faced by young adults of different races to be identified. In particular, the Human Sciences Research Council (HSRC) (2004:1) recognizes that the 2001 census of South Africa reveals that the municipalities who experience the lowest poverty rates tend to be in the Western Cape. In analyzing the poverty rate in the CAPS dataset however, Dinkelman, Lam and Leibbrandt (2007: S4) find that the poverty rate amongst young African adults was approximately 45% versus 17% for Coloureds. Overall, this suggests a poverty rate of 25% between 2002 and 2005 as compared to the 30% suggested by the HSRC (2004) in 2001. Thus, while the overall poverty rate in Cape Town was low compared to other South African cities in 2001, this measure perhaps hides the persistent inequality amongst different races in the Western Cape. The CAPS is thus useful in establishing the finer income dynamics of young adult households and doing so in a transitional manner so as to understand the influence these have on the well-being prospects of young adults over time.

In order to make the sample statistics representative of the racial groups encompassed, weights were used. The weight used was taken from the 2005 sample and was useful in ensuring that the sample statistics generated were in line with those we expect across different race groups in the Western Cape.¹⁴ It should be noted that this dissertation will focus only on the living arrangement transitions for a panel of urban young adults in the Cape Town area. Some of the young adults observed in the initial wave of the study were found to have moved outside the study area, but due to the lack of sufficient financial resources, this portion of the sample have yet to be tracked and their outcomes explored. This dissertation focuses only on the panel young adults, those who were observed in 2002 and again in 2005.

¹⁴ The weight is an individual young adult weight which adjusts for individual young adult non-response. It is designed using a probit model and assumes that there are no systematic differences across respondents and non-respondents (Lam, Seekings and Sparks, 2006: 47). This weight was used in all empirical analysis.

4 RESULTS

4.1 The various and changing living arrangements of the CAPS young adults'

The literature revealed that young adults experience a variety of living arrangements. In addition, it was noted that there are a host of reasons why young adults alter their living arrangements. In particular, if a marital disruption or death in the family occurs young adults may alter their living circumstances in response thereto. Often, such changes affect the well-being of young adults. The Cape Area Panel Study (CAPS) provides a rich source of household level relationship and income data for 2002 and 2005. This allows the categorisation of young adults by their various and changing living arrangements as well as in relation to their changing well-being over time. The analysis to follow is explorative rather than hypothesis testing in nature and focuses on young adults between the ages of 14 to 22 years.

While most discussions around living arrangements broadly focus on its nuclear and extended forms, this dissertation more explicitly disaggregates living arrangements. Specifically, young adults are assigned a living arrangement according to a hierarchical order of living arrangements. As such, young adults are assigned their living arrangement based on whether they live with their closest family relatives. Residence is thus ranked on the basis of whether a young adult lives with their immediate, and then extended family, using very distinct living arrangement categories. These living arrangements are ordered as follows, at residence with: both parents, mother, father, both parents and grandparent(s), mother and grandparent(s), father and grandparent(s), grandparent(s) only, uncle(s)/aunt(s), other family, non-family or alone. The first three categories incorporate the nuclear or single parent living arrangement. After residence with these anchor individuals, i.e. one's biological parents, the extended family is presented. These various living arrangements are outlined in Table 1 below where the details of the manner in which these categories were formed are specified.

<i>Table 1: Key to the living arrangement categories</i>	
Both parents and grandparent(s) (and possibly other or non-family members)	Both parents and grandparent(s)
Both parents and not grandparent(s) (and possibly other or non-family members)	Both parents
Mother and grandparent(s) (and possibly other or non-family members)	Mother and grandparent(s)
Mother and not grandparent(s) (and possibly other or non-family members)	Mother
Father and grandparent(s) (and possibly other or non-family members)	Father and grandparent(s)
Father and not grandparent(s) (and possibly other or non-family members)	Father
Grandparent(s) and no parent(s) (and possibly other or non-family members)	Grandparent
Uncle/Aunt(s) (and possibly other or non-family members)	Uncle(s)/Aunt(s)
Other family members (and possibly non-family)	Other family
Non-family members	Non-family
Alone	Alone

At the outset it is useful to note some of the research done on the dynamics of family patterns in South Africa. Work by Ziehl (2001) suggests that by using census data for the 1991 and 1996 time periods, African and White households experience vast differences in family patterns. Ziehl notes that using census data to analyze family pattern dynamics presents numerous issues, mostly related to using the household head's relationship information. In addition, Ziehl (2001: 53) recommends that "... smaller scale in-depth analyses of specific communities ..." provide a better context through which the true living arrangements of households can be understood. The CAPS study presents a strong framework for analyzing the living arrangement patterns of young adults in the Western Cape. Further, by assigning the young adult as the core individual of analysis, the issues which Ziehl identifies in using the household head's relationship information is avoided.

The next section pinpoints the different living circumstances of young adults in the CAPS across race and gender so as to identify the link which different living arrangements have to the demographic characteristics of young adults. Using the various living arrangements as a basis, the extent of living arrangement mobility over time is then discussed. In particular, it is noted that young adults have undergone changes in their living circumstances over time. As such, to estimate the degree of stability in young adults' living arrangements, the living arrangements set out here are used to formulate a measure of whether or not young adults have changed their living circumstances and this is used to identify whether these relate to changes in the household income dynamics. Altogether it is found that when defining a more stringent measure of living arrangement changes, the CAPS young adults' undergo a smaller degree of living arrangement fluidity than what the literature suggests young adults do.

4.1.1 The living arrangements of the CAPS panel young adults by race and gender

The persistent legacy of racial inequality in South Africa makes it useful to investigate whether any differences in living arrangements exist among the races in the youth population. This is the purpose of Table 2 below, which highlights the differences in living arrangements across the CAPS races.¹⁵ Table 2 does not immediately indicate any major differences in living arrangements across races. Specifically, the

¹⁵ Appendix Table A.1 indicates that there are missing observations with respect to living arrangements in the CAPS. These missing observations reflect those young adults for which household level relationship information are missing. Some of the demographic characteristics of these observations are that African young adults showed the largest percent of missing observations in 2002 with 67%. By 2005 this percentage had declined to 48%. Coloured and White young adults' missing observations increased from 17% to 38% and decreased from 17% to 14% between 2002 and 2005, respectively. Table A.2 shows that in 2002, the greatest share of the missing relationship observations were amongst African young adults. While Table A.3 indicates that 90% of females were missing relationship information in 2002, this figure declined to 56% by 2005 relative to 44% for male young adults. An interesting trend noted in the age distribution of these missing observations in Table A.4 is that for those aged 21 and 22 years in 2002, 36% and 48% were missing observations. For this same group of individuals we see that by 2005, when aged 24 and 25 years old respectively, this sub-group still dominated in percent of missing relationship observations at such time. Overall, in terms of the demographic characteristics of young adults with missing relationship information, with the exception of the fact that certain age groups are prone to this, there does not appear to be any distinct characteristics across time. To avoid making the incorrect inferences about the changing living and income dynamics of young adults with missing information, this dissertation exclusively focuses on panel young adults with all necessary relationship information.

distribution of young adults across the different arrangements and races appears to follow a similar pattern. However, closer inspection reveals that African young adults tend to have more varied living arrangements than their Coloured and White counterparts. The two dominant living arrangements across races are with both parents or with one's mother. Across years African young adults show less than 30% residence with both parents as compared to Coloured and White young adults who live under the circumstances in 40% and 60% of cases, respectively. In addition, a slightly higher portion of African young adults live with their mother, above 30%, relative to Coloured and White young adults who reside with their mother in 30% and less cases, respectively. More than 10% of African young adults are also shown to live with other family members, relative to Coloured and White young adults who live under such living arrangements in less than 10% of cases. These contrasts show that African young adults observe a marginally higher dispersion in living arrangements than Coloureds and Whites.

Table 2: Distribution of living arrangements by race in 2002 and 2005								
	African		Coloured		White		Total number of observations	
	2002	2005	2002	2005	2002	2005	2002	2005
Both parents and grandparent(s)	1%	0%	6%	4%	3%	2%	96	59
Both parents	29%	25%	46%	43%	66%	61%	1212	1103
Mother and grandparent(s)	5%	4%	6%	5%	3%	2%	178	133
Mother	32%	34%	25%	30%	17%	20%	803	922
Father and grandparent(s)	0%	0%	0%	0%	1%	1%	14	11
Father	5%	6%	3%	5%	6%	9%	124	163
Grandparent	5%	4%	6%	4%	0%	0%	151	122
Uncle(s)/Aunt(s)	9%	7%	2%	2%	1%	0%	136	110
Other family	12%	17%	5%	7%	2%	4%	231	303
Non-family	1%	0%	1%	0%	1%	0%	25	6
Alone	1%	3%	0%	1%	1%	2%	14	52
Total number of observations	[100%] 1245	[100%] 1245	[100%] 1458	[100%] 1458	[100%] 281	[100%] 281	[100%] 2984	[100%] 2984

Source: Own Calculations, CAPS

Table 3 below disaggregates young adults according to their living arrangements and by their race and gender in 2002 and 2005. In terms of the distribution of young adults by living arrangement, similar patterns to those of Table 2 are observed. In terms of differences in the living arrangements of male and female young adults, little divergence exists across gender. In particular, across both periods slightly higher shares of African and Coloured males were shown to reside with both parents, than females.

However, amongst White young adults this trend differs with 65% of males versus 68% of females living with both parents in 2002, and changes to 61% and 60%, respectively, by 2005. Other patterns of note include a notably higher share of White males residing with their father, as compared to females. Specifically, in 2002, 9% of males versus 3% of females lived with their father and this difference was maintained until 2005 when 12% of males and 6% of females lived under such circumstances.

Of note is the other family category for which we see a greater share of females residing under these circumstances across all races. This pattern may be explained by the fact that teenage pregnancy is evidenced in the CAPS (Marteletto, Lam and Ranchhod, 2006). As this category encompasses the young adults of young adults we may expect that female young adults show greater residence under this pattern as they are more likely to live with their young adult than say the father of that young adult, i.e. a male young adult. It appears that the dominance of females in this category could further explain why more males are shown to live with both parents, than females.¹⁶

¹⁶ Overall, while there are slight differences in the residency patterns across gender, it is not apparent that these are so substantial as to require more in depth analysis. From this point forward, attention is thus exclusively on the differences in young adult living circumstances across races.

Table 3: Distribution of living arrangements by race and gender

	African				Coloured				White				Total number of observations			
	2002		2005		2002		2005		2002		2005		2002		2005	
	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem	Male	Fem
Both parents and grandparent(s)	1%	1%	0%	0%	5%	6%	4%	4%	1%	4%	1%	2%	42	54	28	31
Both parents	32%	26%	28%	22%	48%	45%	45%	42%	65%	68%	61%	60%	594	618	545	558
Mother and grandparent(s)	6%	5%	4%	3%	7%	5%	6%	4%	2%	4%	1%	4%	93	85	69	64
Mother	30%	34%	32%	36%	25%	25%	30%	30%	19%	16%	22%	19%	355	448	404	518
Father and grandparent(s)	0%	1%	0%	1%	1%	0%	0%	0%	0%	1%	0%	1%	5	9	4	7
Father	6%	5%	6%	5%	3%	3%	6%	4%	9%	3%	12%	6%	63	61	91	72
Grandparent	4%	6%	5%	4%	6%	6%	3%	5%	0%	0%	0%	0%	64	87	56	66
Uncle(s)/Aunt(s)	8%	9%	6%	8%	2%	2%	2%	1%	1%	0%	0%	0%	57	79	43	67
Other family	11%	13%	14%	19%	3%	8%	3%	9%	1%	2%	2%	6%	84	147	102	201
Non-family	1%	1%	0%	0%	1%	1%	0%	0%	1%	1%	1%	0%	14	11	5	1
Alone	1%	0%	4%	2%	0%	0%	1%	0%	1%	1%	1%	2%	7	7	31	21
Total number of observations	[100%] 565	[100%] 680	[100%] 565	[100%] 680	[100%] 680	[100%] 778	[100%] 680	[100%] 778	[100%] 133	[100%] 148	[100%] 133	[100%] 148	[100%] 1378	[100%] 1606	[100%] 1378	[100%] 148

Source: Own Calculations, CAPS

4.1.2 The mobility of young adult living arrangements between 2002 and 2005

The cross-sectional analysis of living arrangements in Tables 2 and 3 revealed that a large share of youths reside with one or both their parents in both 2002 and 2005. The fact that the CAPS is a panel survey allows us to investigate a different question; namely, whether young adults change their living arrangement status between 2002 and 2005. To test this issue, a cross-tabulation was completed and is shown in Table 4. This tabulation shows the transitions in the living arrangements of young adults across 2002 and 2005. To understand this table one should read it along the horizontal axis. As an example, of those young adults who were residing with their biological parents and a grandparent(s) in 2002, 60% continue to reside under such circumstances. Along this diagonal we thus notice the living arrangements which are unchanged between the two waves. As such, on the off-diagonals we observe the arrangements where young adults have changed their residence over time.

The diagonal of this table thereby presents a crude measure of the stability of the living arrangements of young adults. The lowest incidence of stability is where young adults reside with non-family members where, across waves only 13% retained this arrangement. Excluding the aforementioned category, there appears to be a relatively stable trend in living arrangements, with all other living arrangements remaining above the 50% level over time. Categories of relative stability include where a young adult resides with both parents or at least one parent. In addition, young adults who reside with other family show 74% stability. The vertical column of the 2005 other family category also shows a movement of young adults from other arrangements towards this one, evidencing that much as the literature indicates, this living arrangement is a particularly crucial one for young adults (Keller, 2004).

The other family living arrangement category encompasses a group of family members who can be younger or older than the young adult. As such, the young adult's younger siblings would be accounted for in this category. While this inclusion may represent an over-statement of the role of this family network, it is important that a distinction between this and the other kinds of arrangements is made as it paints a more precise picture of the various forms of living arrangements of young adults. Overall while Table 4 illustrates a large degree of stability across living arrangements, it is clear that there have also been substantial living arrangement changes between the two time periods and most dominantly towards residence with both parents or either parent and/a grandparent.

In Tables 5 to 7, we disaggregate young adult living arrangement mobility by race.¹⁷ For all except residence with one's father and grandparent, uncle or aunt and non-family, Coloureds experience greater stability in their living arrangements as compared to Africans. White young adults seem to show the

¹⁷ While Table 3 showed little differences in the living arrangement across genders, whether this existed across time was tested. These tables are shown in the Appendix as Tables A.5 - A.12 and reveal that there are only slight differences across gender. Overall this gender analysis does not reveal any significant differences across gender. As such race differences are only taken into account from this point forward.

greatest stability in living arrangement as the proportion of them who continue to live under the same circumstances across waves is quite stable.¹⁸

These tables show an important role assumed by mothers as a new form of residency with, for example, 11%, 14% and 34% of African, Coloured and White young adults, respectively, moving from residency with other family in 2002 to reside with their mother in 2005. It is also clear that 'both parents' is an important form of new residency with 15% and 18% of African and Coloured young adults, respectively, moving from living with non-family in 2002 to live with both parents in 2005.

Although of a smaller significance, young adults are also shown to move to live with their grandparents in 2005 from a host of other arrangements in 2002. There is however substantial movement away from residency with grandparents. For example, 30% of Coloured young adults who lived with their father and grandparent in 2002 were seen to only reside with their father by 2005. This trend may be related to the death of a grandparent or simply that a young adult moves to live with only their father, away from their grandparent.

This section has evidenced that the CAPS young adults' are undergoing changes in their living arrangements between 2002 and 2005. In addition, across races young adults seem to undergo similar living arrangement patterns with certain circumstances such as residence with both parents, one's mother or other family being a popular living arrangement under which young adults are observed in by 2005. While there have been notable changes in the living arrangements of young adults, there has also been a large degree of living arrangement stability of young adults' living circumstances across these two waves. In order to understand the extent of young adult living arrangement stability, the next section defines a stringent measure which distinguishes between those young adults who have remained under the same living arrangements between 2002 and 2005, and those who have altered these over time. This measure then allows the estimation of the extent to which changes in the living arrangement of young adults result in changes in their well-being over time.

¹⁸ This trend may be because the CAPS sample included a smaller share of White young adults relative to the other races, due to a poor response rate for this sub-group.

Table 4: Living arrangement transitions of all young adults across 2002 and 2005

		Living Arrangement in 2005											Total number of observations
		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	
Living Arrangement in 2002	Both parents and grandparent(s)	60%	31%	3%	3%	1%	0%	1%	0%	1%	0%	0%	96
	Both parents	0%	86%	0%	7%	0%	4%	0%	0%	2%	0%	0%	1212
	Mother and grandparent(s)	2%	1%	68%	13%	0%	1%	11%	1%	2%	0%	2%	178
	Mother	0%	2%	0%	89%	0%	1%	0%	1%	6%	0%	1%	803
	Father and grandparent(s)	9%	0%	0%	0%	65%	20%	0%	0%	6%	0%	0%	14
	Father	0%	6%	0%	7%	0%	79%	0%	0%	8%	0%	0%	124
	Grandparent	1%	4%	9%	11%	0%	2%	59%	7%	6%	0%	2%	151
	Uncle(s)/Aunt(s)	0%	2%	0%	19%	0%	2%	2%	58%	13%	1%	3%	136
	Other family	0%	2%	0%	13%	0%	2%	1%	1%	74%	0%	5%	231
	Non-family	0%	15%	0%	27%	0%	3%	0%	0%	27%	13%	15%	25
	Alone	0%	7%	0%	15%	0%	0%	0%	0%	0%	0%	77%	14
	Total number of observations	59	1103	133	922	11	163	122	110	303	6	52	2984

Source: Own Calculations, CAPS

Table 5: Living arrangement transitions of African young adults across 2002 and 2005

		Living Arrangement in 2005											Total number of observations
		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	
Living Arrangement in 2002	Both parents and grandparent(s)	28%	63%	0%	9%	0%	0%	0%	0%	0%	0%	0%	12
	Both parents	0%	77%	0%	12%	0%	5%	0%	0%	4%	0%	1%	373
	Mother and grandparent(s)	0%	1%	64%	6%	0%	0%	26%	1%	2%	0%	0%	67
	Mother	0%	1%	0%	84%	0%	1%	1%	2%	9%	0%	2%	388
	Father and grandparent(s)	0%	0%	0%	0%	85%	15%	0%	0%	0%	0%	0%	4
	Father	0%	17%	0%	2%	0%	63%	0%	1%	18%	0%	0%	66
	Grandparent	0%	4%	6%	8%	1%	0%	49%	11%	16%	0%	5%	66
	Uncle(s)/Aunt(s)	0%	3%	0%	14%	0%	0%	2%	61%	16%	1%	3%	105
	Other family	0%	2%	0%	11%	0%	1%	0%	2%	74%	0%	10%	148
	Non-family	0%	15%	0%	22%	0%	0%	0%	0%	34%	18%	12%	9
	Alone	0%	14%	0%	29%	0%	0%	0%	0%	0%	0%	57%	7
	Total number of observations	4	320	46	423	4	72	56	85	198	3	34	1245

Source: Own Calculations, CAPS

Table 6: Living arrangement transitions of Coloured young adults across 2002 and 2005

		Living Arrangement in 2005											Total number of observations
Living Arrangement in 2002		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	
	Both parents and grandparent(s)	62%	30%	4%	0%	1%	0%	1%	0%	1%	0%	0%	76
	Both parents	0%	88%	0%	8%	0%	3%	0%	0%	1%	0%	0%	659
	Mother and grandparent(s)	2%	1%	67%	16%	0%	2%	7%	1%	2%	0%	2%	101
	Mother	0%	3%	0%	91%	0%	1%	0%	1%	4%	0%	0%	364
	Father and grandparent(s)	17%	0%	0%	0%	43%	30%	0%	0%	11%	0%	0%	8
	Father	0%	0%	0%	14%	0%	82%	0%	0%	4%	0%	0%	42
	Grandparent	2%	4%	10%	12%	0%	3%	63%	5%	1%	0%	0%	85
	Uncle(s)/Aunt(s)	0%	0%	0%	24%	0%	5%	4%	58%	6%	0%	3%	30
	Other family	0%	3%	0%	14%	0%	4%	2%	0%	74%	1%	1%	79
	Non-family	0%	18%	0%	36%	0%	6%	0%	0%	25%	6%	10%	13
	Alone	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	100%	1
Total number of observations		51	616	79	441	5	69	66	25	95	2	9	1458

Source: Own Calculations, CAPS

Table 7: Living arrangement transitions of White young adults across 2002 and 2005

		Living Arrangement in 2005									Total number of observations
Living Arrangement in 2002		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Other family	Non-family	Alone	
	Both parents and grandparent(s)	62%	23%	0%	15%	0%	0%	0%	0%	0%	8
	Both parents	0%	90%	0%	3%	0%	4%	3%	0%	1%	180
	Mother and grandparent(s)	0%	0%	86%	7%	0%	0%	0%	0%	7%	10
	Mother	0%	4%	0%	92%	0%	1%	3%	0%	0%	51
	Father and grandparent(s)	0%	0%	0%	0%	100%	0%	0%	0%	0%	2
	Father	0%	0%	0%	5%	0%	95%	0%	0%	0%	16
	Uncle(s)/Aunt(s)	0%	0%	0%	100%	0%	0%	0%	0%	0%	1
	Other family	0%	0%	0%	34%	0%	0%	66%	0%	0%	4
	Non-family	0%	0%	0%	0%	0%	0%	27%	33%	40%	3
	Alone	0%	0%	0%	0%	0%	0%	0%	0%	100%	6
Total number of observations		4	167	8	58	2	22	10	1	9	281

Source: Own Calculations, CAPS

4.2 A measure of the degree of young adult living arrangement stability over time

The preceding living arrangement transition analysis young adults' were shown to live under a variety of different living arrangements between 2002 and 2005. In particular, the nuclear family living arrangement showed particular dominance. It was also shown that young adults undergo numerous changes in their living arrangements over time. This finding is in line with the literature which shows that there is fluidity in the living arrangements of young adults (Spiegel, 1996). While the off-diagonal elements of Tables 5 to 7 indicate movement across living arrangements, little is known of whether this necessarily implies instability in the living arrangements of young adults. To investigate the degree of living arrangement stability, a stringent measure thereof was derived. At the outset it is important to state that while this dissertation formulates a measure of young adult living arrangement stability, the reasons why we observe this is not explored. Rather, the stability measure is used to explain the impact this has on the well-being of young adults in the CAPS. Establishing the degree of fluidity in young adult living arrangements would thus permit the estimation of the impact which such changes have on the well-being of young adults over time.

The stability measure reflects whether a young adult has stayed under the same arrangement over time, or has altered this. More broadly, a distinction is made between those young adults who have maintained their living circumstances between 2002 and 2005, 'stayer' and those who have changed these over time, 'mover' young adults. This measure of living arrangement stability does not necessarily imply a young adult has physically altered their residence. It may be such that a young adult classified as a 'mover' is seen to be living in the same home in both waves, yet has experienced a living arrangement change as their household alters its composition i.e. other household members may have moved.

More specifically, this measure of living arrangement stability was derived by assuming that a young adult can be classified as changing their living arrangement only if they have altered their arrangement between 2002 and 2005, such that they no longer live with the same core family members.¹⁹ By core family members this measure implies that to be termed a 'stayer' young adult, a young adult must be seen to be living with the exact same initial family members they were living with in 2002. Specifically, a stayer young adult is one who has lived not only under the same living arrangement in 2002 and 2005, but has lived with the same family members who compose that arrangement.²⁰ In addition, this measure of living arrangement is more stringent in defining the crucial family members who influence the well-being of a young adult. Specifically, this measure identifies only those other and non-family members who are older than a young adult. In this way, when analyzing the impacts which changes in the living arrangements

¹⁹ This feature prevents an overstatement of living arrangement stability if we assume that, for example, if a young adult is shown to be living with a grandparent in both waves, that this is the same individual over time. The personal identifiers of household members in the CAPS was employed to control for a young adult residing with the same core living arrangement members over time.

²⁰ As such, a young adult could be classified as a 'mover' if a core member of the household has moved. Thus, even if the entire household has moved but the living arrangement remains intact with the same core family members, the young adult is categorised as a 'stayer'.

of a young adult have on their well-being, this dissertation keeps only those family members who are older than a young adult (and assumed to be more influential of a young adult's outcomes) in mind.

Overall, to be classified as a stayer, a young adult must be seen to be living under the same living circumstances in 2002 as in 2005, and with the same core family between 2002 and 2005. In contrast, where a young adult is seen to be living under a specific living arrangement in 2002, and by 2005 they are shown to be living in a different circumstance (without their 2002 core family members), they are assigned 'mover' status.

Using this measure of young adult living arrangement stability, Table 8 below shows the distribution of young adults across this measure. Specifically it indicates that 88% of young adults in the CAPS are stayers and 12% are movers. This result suggests that there is a relatively small degree of instability in the living arrangements of young adults in the CAPS. In comparison to the living arrangement transition analysis above, these results suggest that young adults are not altering their living circumstances on as large a scale as the literature suggests. In order to understand how living arrangement stability is experienced across different young adults in the CAPS, Table 9 disaggregates the living arrangement stability measure across races.

<i>Table 8: Distribution of stayer and mover young adults</i>			
	Stayer	Mover	Total
Percentage	88%	12%	100%
Number of observations	2564	420	2984
<i>Source: Own Calculations, CAPS</i>			

<i>Table 9: Distribution of stayer and mover young adults across race</i>				
	African	Coloured	White	Total number of observations
Stayer	79%	90%	95%	2564
Mover	21%	10%	5%	420
	[100%]	[100%]	[100%]	
Total number of observations	1245	1458	281	2984
<i>Source: Own Calculations, CAPS</i>				

Table 9 indicates that Africans are shown to have the highest percent of their population being classified as movers. Specifically, 21% of Africans young adults are movers, as compared to 10% and 5% of Coloured and White young adults, respectively. These differences across races further reflect a differentiated degree of living arrangement stability. Overall, Table 9 suggests that African young adults face the least stability in their living arrangements, followed by Coloureds and lastly Whites who show minimal living arrangement changes.

The literature indicated that the initial living arrangements of young adults are directly linked to changes in their living arrangements over time. Table 10 thus outlines what the distribution of stayer and

mover young adults is across the living arrangements defined in section 4.1 in order to see whether stayer and mover young adults are characterised by any specific 2002 living arrangements. Table 10 reveals that stayers are concentrated in residence with both parents or a mother. This finding is explained by the fact that stayer young adults dominate the living arrangement stability measure and that as section 4.1 showed, most young adults tend to reside with both parents. In contrast, mover young adults are more dispersed amongst the different categories with a substantial proportion of them residing under the mother (15% in 2002 and 25% in 2005), uncle or aunt (18% in 2002 and 14% in 2005) or other family (20% in 2002 and 32% in 2005) categories.

<i>Table 10: Distribution of stayer and mover young adults across living arrangements</i>						
	Stayer		Mover		Total number of observations	
	2002	2005	2002	2005	2002	2005
Both parents and grandparent(s)	3%	3%	11%	0%	96	59
Both parents	50%	45%	8%	13%	1212	1103
Mother and grandparent(s)	5%	5%	8%	0%	178	133
Mother	27%	30%	15%	25%	803	922
Father and grandparent(s)	0%	0%	1%	0%	14	11
Father	4%	6%	5%	6%	124	163
Grandparent	4%	4%	10%	1%	151	122
Uncle(s)/Aunt(s)	2%	1%	18%	14%	136	110
Other family	5%	5%	20%	32%	231	303
Non-family	1%	0%	3%	0%	25	6
Alone	0%	0%	1%	8%	14	52
	[100%]	[100%]	[100%]	[100%]		
Total number of observations	420	420	2564	2564	2984	2984
<i>Source: Own Calculations, CAPS</i>						

The possible reasons why we observe mover young adults concentrated in these arrangements particular arrangements could be informed by the literature. Specifically, the fact that 15% and more young adults who lived with their mother in 2002 are shown to alter their arrangements, could be the result of their mother pursuing economic opportunities which require an alteration in the young adult's living arrangement (UN, 1995 and Spiegel et al, 1996). In addition, many young adults may alter their living arrangements in response to their need to survive. As an example, some of the mover young adults observed may have chosen to reside alone or under a different circumstance for the purposes of higher education, employment or yet other reasons (Mitchell, Wister and Gee, 2004). Overall, Table 10 indicates that stayer and mover young adults observe quite different initial living arrangements. Whether stayer and mover young adults are characterised by particular initial living arrangements is however unclear from this simple tabulation.

In Table 11 the percent of stayer young adults in each of the different living arrangements is presented. This table indicates that across races, the largest share of stayers lived under the both parent and mother living arrangement in 2002. This finding is in line with the basic living arrangement transition

tables illustrated in Tables 4 to 7. Interestingly, 29% of Coloured young adults who lived with both their parents in 2002 are classified as stayers, as compared to only 9% and 13% for Africans and Whites, respectively. In general, stayer young adults are concentrated in the both parent and mother living arrangements and across races there does not appear to be any substantial differences in the initial living circumstances of a young adult.

Table 11: Percent of stayer young adults of a particular living arrangement and race group

	African	Coloured	White	Total number of observations
Both parents and grandparent(s)	0%	2%	0%	59
Both parents	9%	29%	13%	1181
Mother and grandparent(s)	1%	3%	0%	146
Mother	9%	15%	3%	735
Father and grandparent(s)	0%	0%	0%	10
Father	1%	2%	1%	105
Grandparent	1%	3%	0%	108
Uncle(s)/Aunt(s)	1%	1%	0%	53
Other family	2%	2%	0%	144
Non-family	0%	0%	0%	12
Alone	0%	0%	0%	11
Total number of observations	994	1305	265	2564

Source: Own Calculations, CAPS

This section has shown that the degree of living arrangement stability in the CAPS is on a smaller scale than what much literature suggests. In addition, stayer and mover young adults are shown to have relatively different initial living circumstances. In general, young adults are experiencing changes in their living arrangements. In order to understand to what extent such living arrangement changes affect the well-being of young adults, the next section outlines the relative welfare of stayer and mover young adults in a basic income dynamic framework.

4.3 The relative well-being of stayer and mover young adult households

While the preceding discussion focussed solely on the dynamics of young adult living arrangements, this section aims to integrate this matter with the well-being of the young adult. This section contrasts the relative well-being of young adults in the CAPS. To do so, it is useful to first outline some basic descriptive statistics on stayer and mover young adults. Thereafter, a poverty and income mobility transition analyses informs the changes in the well-being of young adults across the stability measure. Finally, a multivariate regression analysis informs our knowledge of the significance of the initial and changing living arrangements of young adults in their well-being over time.

From this point forward the measure of young adult well-being is defined by their real monthly per capita income at 2002 constant rands. This real per capita income variable is generated using the per capita household income variable in the CAPS data. Household level information is attached to each young adult

resident since the issue of concern in young adult well-being. In line with Fields et al (2001) and Leibbrandt and Woolard (2001), income rather than expenditure is the choice of monetary measure of well-being.

A point estimate of household income was used for the analysis and where a household reported their income in brackets, the median was taken (Lam, Seekings and Sparks, 2006).²¹ Income was then divided by household size so as to derive a per capita income value for each young adult. The next step was to deflate these statistics from the 2005 to be comparable to the base year of 2002. Using the South African Metropolitan Monthly Consumer Price Index, all per capita income figures were then deflated. In certain analyses income is logged in order to provide a more symmetrical distribution of income which approximates the normal distribution of income and allows easier comparisons of well-being across the living arrangement stability measure (Wittenberg, 2007).

4.3.1 The relative wealth of stayer and mover young adults

To see what basic differences in household dynamics exist across stayer and mover young adults Table 12 outlines the mean and standard deviation of key household variables across the living arrangement stability measure. In line with Leibbrandt and Woolard (2001: 685) the variables of importance to a household can be divided into income, human capital, segmentation and change categories. In terms of average monthly household and per capita income, there are clear differences in incomes across race and stability status. Most notably, while in 2002 the mean per capita income of an African stayer household was R379, it was R443 for mover households. For Coloureds it was R1074 and R895 respectively and for Whites it was R4298 and R3457. Thus, while movers tend to redeem a lower monthly per capita income amongst Coloureds and Whites, the opposite holds for Africans.

Table 12 also indicates that African and White young adults observe the same trends until 2005; however Coloured mover young adults experience an income which marginally exceeds that of stayers, i.e. R1229 for movers versus R1217 for stayers, respectively. In terms of the characteristics of the household head there does not appear to be much differentiation between races and stability status. An interesting point to note is that White household heads are more likely than non-White household heads, to be working. This is shown by the fact that more than 87% of White stayer and mover household heads were working relative to less than 70% of African and Coloured household heads. The fact that income inequality across races continues to persist in South Africa, would likely explain the substantially higher income for Whites relative to non-Whites.

²¹ Where income data was missing information was replaced with imputed values (Lam, Seekings and Sparks, 2006).

Table 12: Basic income statistics of the CAPS panel households

	Stayer						Mover					
	African		Coloured		White		African		Coloured		White	
	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev	Mean	Std dev
<i>Income variables</i>												
Per Capita Household Income in 2002	379	388	1074	1087	4298	3061	443	626	895	916	3457	2361
Per Capita Household Income in 2005	516	676	1217	1206	5330	4662	648	888	1229	1767	4456	6013
Logged Per Capita Household Income in 2002	5.57	0.89	6.61	0.88	8.14	0.70	5.58	1.07	6.47	0.79	7.95	0.67
Logged Per Capita Household Income in 2005	5.83	0.97	6.73	0.91	8.30	0.84	5.95	1.14	6.69	0.98	8.03	0.75
<i>Human Capital variables</i>												
Number of children (under the age of 18) per household	2	2	3	2	2	1	3	2	2	2	2	1
Age of household head	48	12	47	10	47	7	42	16	47	15	46	9
Highest level of education of household head	8	3	9	3	13	2	8	3	8	3	13	2
<i>Segmentation variables</i>												
Gender of household head (1=male, 0=female)	0.46	0.50	0.63	0.48	0.75	0.43	0.47	0.50	0.51	0.50	0.90	0.31
Work status of household head (1=working part or full-time, 0=not working)	0.65	0.48	0.69	0.46	0.87	0.34	0.60	0.49	0.58	0.49	0.88	0.34
Living Arrangement of young adult in 2002	4.14	2.31	3.28	1.97	2.84	1.68	6.61	2.56	5.28	3.02	4.09	3.28
Living Arrangement of young adult in 2005	4.33	2.31	3.40	1.97	3.03	1.82	7.69	2.51	5.69	2.83	6.43	3.25
<i>Change variables</i>												
Change in Per Capita Household Income	137	622	143	1043	1032	4522	205	614	334	1541	999	6616
Change in Logged Per Capita Household Income	0.26	1.07	0.12	0.80	0.16	0.81	0.37	1.40	0.22	1.09	0.09	1.03
<i>Note: Unless specified the variables of interest in the left column are the base year (i.e. 2002) characteristics of the households in which young adults reside</i>												

Notable differences exist across stayer and mover young adults when the mean living arrangement of these two sub-groups are compared in Table 12. Stayer young adults are most likely to have been in the first four living arrangement categories, implying they live with both parents and grandparent(s), or both parents, or their mother and grandparent(s), or mother (i.e. living arrangement categories one to four). In contrast, mover young adults are more likely to have been living under some form of living arrangement with a parent or grandparent or extended family (i.e. living arrangement categories four to eight). These trends for mover young adults could be understood in light of Table 13 below which show that residence with one's extended family is, on average, associated with a higher level of income. Specifically, those young adults who live with both parents and their extended family (grandparents and possibly uncle/aunt, or other or non-family), were shown to have an average income in excess of the other living arrangements. These findings suggest that the multi-generational and extended living arrangements can act as a means of income security for young adults in the CAPS.

To get a better idea of the well-being of young adults across the various living arrangements Table 13 outlines the mean and standard deviation of logged real per capita monthly income by living arrangement. This table suggests that overall there are not substantial differences in income across arrangements. However, the categories for which particularly higher income levels (logged incomes greater than 6.5) are observed in 2002 are that of residence with both parents and grandparent(s), both parents, father and grandparent(s), father, non-family and alone. These categories maintain the relatively high levels until 2005 and in fact increase. For one of these categories a decline is however noted. Specifically, for young adults who reside with their father and grandparent(s) in 2005, their income level is shown to be lower than young adults of the same arrangement in 2002. Overall, the average income of young adults across living arrangements has increased over time.

<i>Table 13: Income descriptive on each living arrangement</i>				
	Mean		Standard Deviation	
	2002	2005	2002	2005
Both parents and grandparent(s)	6.78	6.87	0.85	0.94
Both parents	6.93	7.06	1.21	1.23
Mother and grandparent(s)	6.15	6.39	0.84	1.03
Mother	6.25	6.56	1.21	1.19
Father and grandparent(s)	6.76	5.95	0.65	2.07
Father	6.87	7.03	1.28	1.33
Grandparent	6.05	6.15	0.75	0.71
Uncle(s)/Aunt(s)	6.07	6.17	1.11	1.11
Other family	6.23	6.38	1.01	1.11
Non-family	6.73	6.95	0.79	0.82
Alone	6.73	7.33	1.07	1.17
Total number of observations	2984	2984	2984	2984

Using these income descriptive statistics as a basis, the following section explores the relationship between changes in income and changes in the living arrangements of young adults. This relationship informs our understanding of whether the living arrangement dynamics of a young adult's household influences their well-being.

4.3.2 The changes in the well-being of stayer and mover young adults

This section contrasts the 2002 and 2005 income as well as the changing incomes of stayer and mover young adults. In particular, to get a clearer idea of the trends in per capita income between 2002 and 2005, kernel densities are employed to identify the differences in the well-being of stayer and mover young adults over time. Figure 1 illustrates that between 2002 and 2005 both movers and stayers did marginally better over time (as evidenced by a rightward shift in the logged monthly real per capita income line by 2005). In addition, at the right end of the distribution movers do marginally better than stayers. However, at the middle of the distribution it is the stayers who do better than movers. Overall, it is apparent that both stayer and mover young adults experienced improved well-being by 2005.

Figure 1: Logged Monthly Real Per Capita Income for stayer and mover young adults in 2002 and 2005

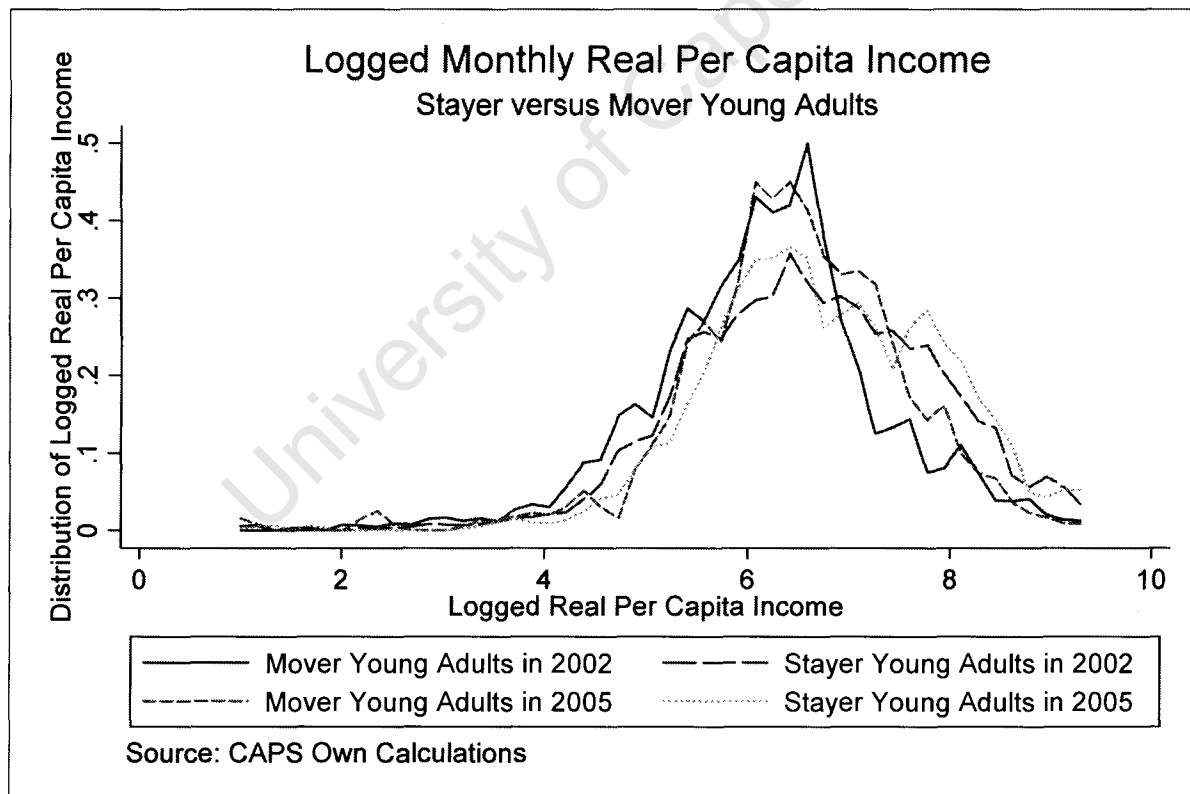
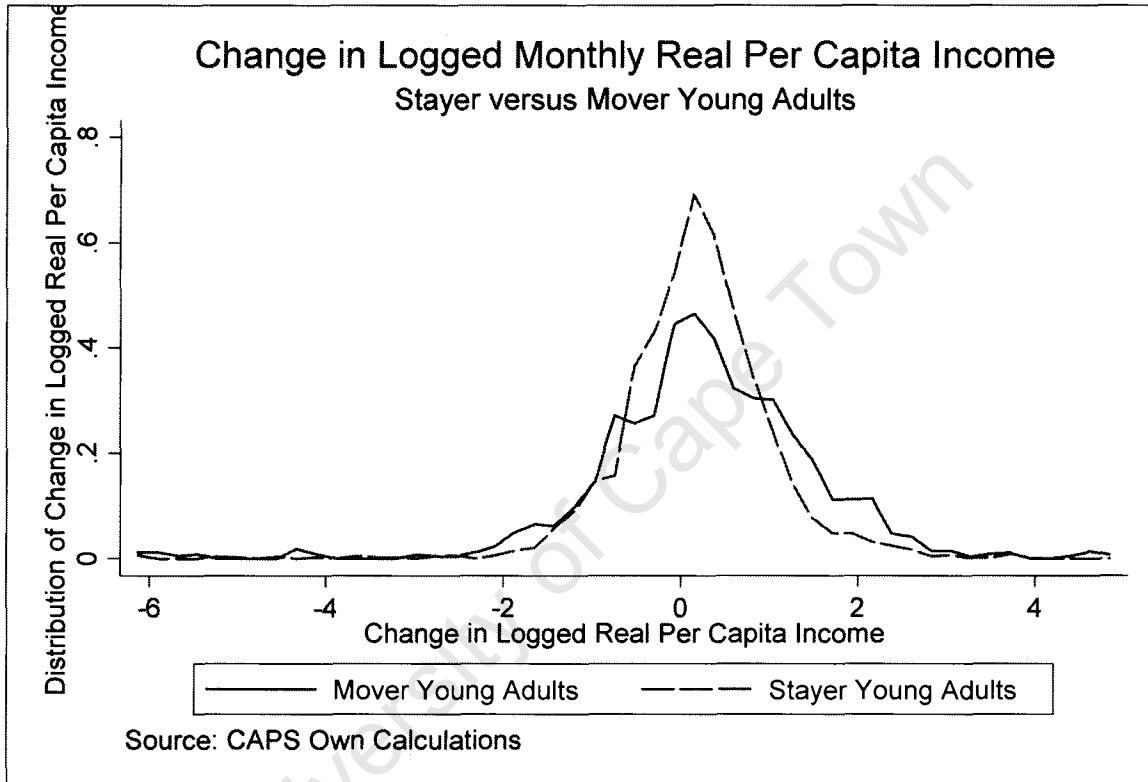


Figure 2 explicitly identifies the changes in the well-being of young adults over time by highlighting the changes in the income of stayer and mover young adults over time. It shows that while both stayers and movers experience positive and negative changes in income, the changes in income for stayers appear to be

concentrated at the mean as compared to movers who experience a more dispersed distribution of income changes. Specifically, at the mean logged income of zero, stayers experienced more positive and negative income changes than movers, while between a logged income of one and three, movers exceed stayers in improving their well-being over time. This suggests that movers are getting ahead in the right tail of the change in income distribution. These results suggest that stayer and mover young adults experienced different changes in income and thereby well-being, over time.

Figure 2: Change in Logged Monthly Real Per Capita Income for stayer and mover young adults



Comparing these changes in well-being across races between 2002 and 2005, Figure A.1 in the Appendix disaggregates the change in income by race. For African and Coloured stayer and mover young adults, their change in well-being is similar to that observed in Figure 2. In contrast, White young adults are shown to have vast differences across the stability measure. Whereas White stayer young adults largely experience positive improvements in well-being, mover young adults are shown to have a peak in their distribution in both the positive and negative income change areas. This suggests that while in aggregate stayer and mover young adults show similar changes in well-being over time, we see underlying divergence within the White race group when we investigate by race. Altogether it is clear that the well-being of young adults of different races and living arrangement stability statuses, are expected to show dissimilarity in well-being over time.

This section has noted a degree of divergence in the well-being of stayers and movers over time. To explore how a young adult's stability status then affects their well-being, a more in depth comparative analysis is necessary. In what follows, the relative poverty dynamics of these two sub-groups is explored across 2002 and 2005. Thus far it has been showed that mover young adults are getting ahead of stayer young adults for parts of the income distribution. The poverty analysis will help recognize the transitions young adults are making over time. The next section uses various poverty indices to describe the impact which changes in the living arrangements of young adults has had on their relative poverty dynamics.

4.3.3 The Poverty dynamics of stayer and mover young adults

This section paints a general picture of poverty in the CAPS stayer and mover populations. In particular, it tests whether the degree of young adult living arrangement stability affects their poverty dynamics. To initiate the discussion a graphical display of the cumulative distribution of income across stayer and mover young adults in 2002 and 2005 is shown below in Figures 3 and 4, respectively. These cumulative distributions are read such that the vertical axis reflects the proportion of the population redeeming a certain income level shown on the horizontal axis (Wittenberg, 2007). While these graphs are useful in representing the distribution of income, it is not immediately clear how income has changed over time. As such, a marker against which these dynamics can be mapped is represented by the poverty line.

Although South Africa does not have an official poverty line, these poverty measures are based on the work of Woolard and Leibbrandt (2006) who outline a range of possible poverty lines. Of those mentioned, four poverty lines shall be used from this point forward: the International 'Dollar a day', the International Two 'Dollar a day', and the Hogeveen and Özler (2004) lower and upper bounds of the 'Costs of Basic Needs Approach'. As shown in Table 14, using these measures as a starting point, a variety of poverty lines for 2002 was created and is reflected by Monthly Real Per Capita Incomes of R97, R193, R384 and R707, respectively. Logging these figures gives us logged income poverty lines at 4.6, 5.3, 5.9 and 6.6, respectively.

<i>Table 14: Poverty line measures outlined by Leibbrandt and Woolard (2006) in relation to the CAPS</i>		
	Real Monthly Per Capita Income	Logged Real Monthly Per Capita Income
International One 'Dollar a day',	97	4.6
International Two 'Dollar a day',	193	5.3
Hogeveen and Özler (2004) lower bound	384	5.9
Hogeveen and Özler (2004) upper bound	707	6.6
<i>Source of Logged Real Monthly Per Capita Income: Own Calculations, CAPS</i>		

With the use of these poverty lines it is immediately evident from Figure 3 that in 2002, for each and every poverty line, a smaller share of stayers receives an income below that poverty line as compared to

movers. By 2005 we notice the difference between stayers and movers narrow as illustrated by the curves of each group converging to each other. More importantly we see that the share of mover and stayer young adults receiving an income below the poverty lines declines relative to its 2002 level.

Figure 3: Cumulative Distribution of Logged Monthly Real Per Capita Income in 2002 for stayers and movers

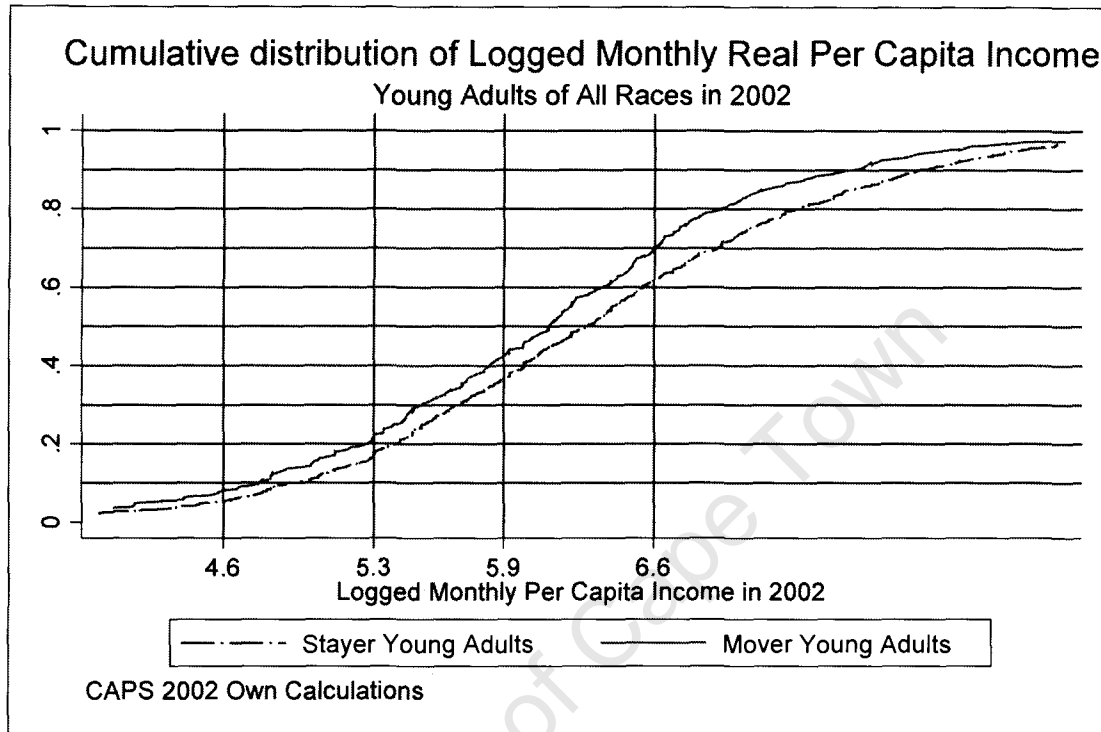
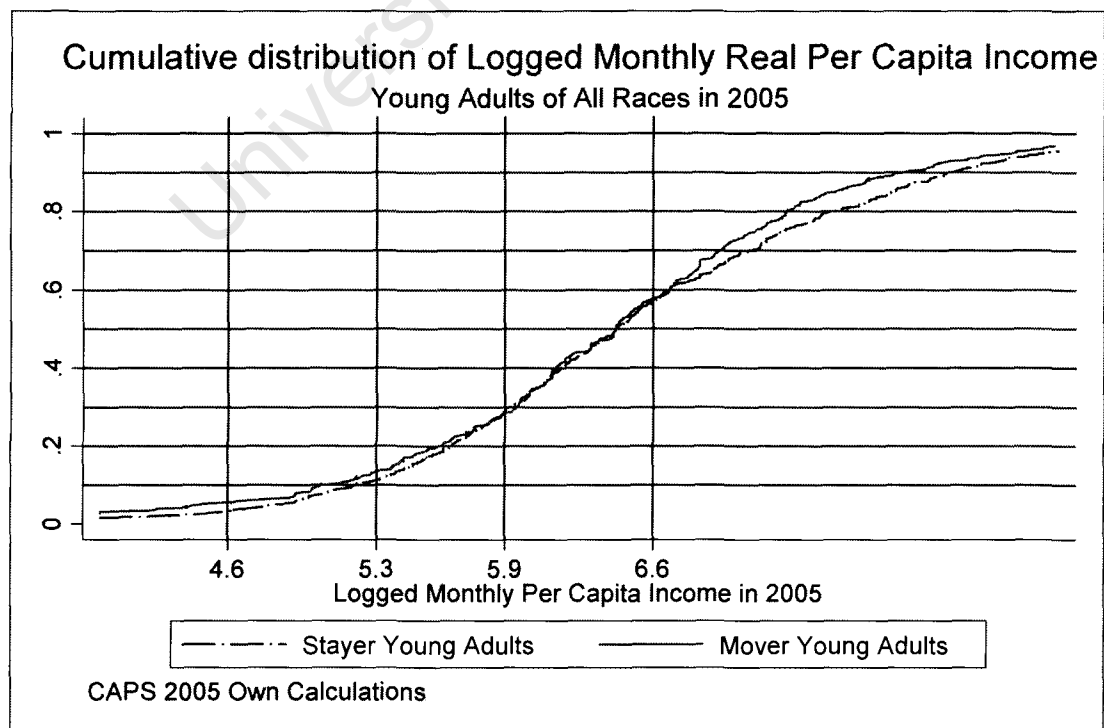


Figure 4: Cumulative Distribution of Logged Monthly Real Per Capita Income for 2005 for stayers and movers



These graphs are particularly useful in highlighting the fact that while in 2002 movers started out better off, with an income exceeding that of stayers, by 2005, this difference had almost completely dissipated. While the descriptive analysis up to this point has implied that mover young adults become better off than stayer young adults, Figures 3 and 4 suggest that this is not necessarily the case.

Probing this matter further, Figures A.2 and A.3 in the Appendix disaggregate the cumulative distribution of income across race for stayer and mover young adults. Interestingly, while in 2002 Coloured and White mover young adults started off better than their stayer counterparts, the reversed trend is observed for African young adults. By 2005, the gap between White stayer and mover young adults had narrowed. For Coloureds, stayers do better than movers below the Hoogeveen and Özler upper bound but do worse above it. Thus, while Figures 3 and 4 are useful in aggregating the trends in income across stayer and mover young adults, a more careful inspection across race reveals distinct contrast within the stability measure.

To explore these issues further, poverty indices were employed ranging from Foster-Greer-Thorbecke to Poverty share and finally Poverty Risk measures over time. These statistics are presented in the Tables 15 to 17. The Foster-Greer-Thorbecke poverty measures reflect three measures, namely a headcount ratio ($a=0$), a poverty gap ratio ($a=1$) and the squared poverty gap ratio ($a=2$). The headcount ratio figures relate directly to the cumulative distributions for stayers and movers. As an example, we see that in 2002 approximately 12% (African plus Coloured stayer young adults with $a=0$) of the all stayers should receive an income below the R97 (logged income of 4.6) poverty line, and checking this against Figure 4 we see that this is indeed the case. The poverty gap ratio is used to establish the per capita cost of removing poverty once we represent it as a proportion of the poverty line. For example, using the upper bound of the Hoogeveen and Özler (2004) poverty line would suggest that eliminating poverty across the African population would come at a cost of R622 (i.e. $0.88 \times R707 = R622$). The squared poverty gap ratio is useful in weighting the poorer groups in society higher, but is of no easy interpretation in this respect.

Table 15 shows that across the different poverty lines and race groups there is a decline in these poverty measures. For both stayers and movers, these results are in line with what the graphical display revealed. If we look further into the relative shares these racial groups have in poverty in Table 16, it seems that for every poverty line measure a different conclusion can be drawn. While for the international poverty line measures it can be inferred that Africans are observing a decline in their share of poverty and Coloureds an increase in theirs, the Hoogeveen and Özler (2004) lines suggest a mixture of stable, increasing or decreasing poverty shares for the different racial groups. Observing the relative poverty risk of these groups at the different poverty lines in Table 17, there is no unanimous trend towards certain racial groups experiencing an increase or decline in their risk.

Table 15: Foster-Greer-Thorbecke poverty indices by poverty line measure*International dollar a day (R97 or Logged Monthly Real Per Capita Income of 4.6)*

	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.12	0.07	0.11	0.06	0.13	0.10	0.02	0.02	0.02	0.01	0.03	0.02	0.01	0.01	0.00	0.01	0.01	0.01
Coloured	0.01	0.01	0.01	0.01	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.01
White	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

International two dollars a day (R193 or Logged Monthly Real Per Capita Income of 5.3)

	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.31	0.21	0.30	0.22	0.32	0.18	0.04	0.03	0.04	0.03	0.05	0.04	0.01	0.01	0.01	0.01	0.02	0.02
Coloured	0.06	0.04	0.06	0.04	0.06	0.03	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.01
White	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Hoogeveen and Özler lower bound (R384 or Logged Monthly Real Per Capita Income of 5.9)

	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.66	0.53	0.67	0.55	0.60	0.45	0.10	0.07	0.09	0.07	0.10	0.07	0.02	0.02	0.02	0.02	0.03	0.02
Coloured	0.22	0.16	0.22	0.17	0.24	0.13	0.02	0.02	0.02	0.02	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.01
White	0.01	0.01	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Hoogeveen and Özler upper bound (R707 or Logged Monthly Real Per Capita Income of 6.6)

	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.88	0.81	0.90	0.82	0.84	0.75	0.16	0.12	0.16	0.13	0.16	0.12	0.04	0.03	0.04	0.03	0.05	0.04
Coloured	0.47	0.43	0.46	0.43	0.55	0.44	0.05	0.04	0.05	0.04	0.05	0.04	0.01	0.01	0.01	0.01	0.01	0.01
White	0.02	0.01	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Note: These statistics are based on Real Per Capita Monthly Income at 2002 constant rands

Table 16: Poverty share statistics by poverty line measures

<i>International dollar a day (R97 or Logged Monthly Real Per Capita Income of 4.6)</i>																		
	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.82	0.69	0.80	0.63	0.90	0.90	0.83	0.62	0.79	0.58	0.94	0.73	0.85	0.57	0.79	0.54	0.98	0.65
Coloured	0.18	0.28	0.20	0.33	0.10	0.10	0.17	0.29	0.21	0.30	0.06	0.27	0.15	0.33	0.21	0.33	0.02	0.35
White	0.00	0.03	0.00	0.04	0.00	0.00	0.00	0.08	0.00	0.11	0.00	0.00	0.00	0.10	0.00	0.13	0.00	0.00
<i>International two dollars a day (R193 or Logged Monthly Real Per Capita Income of 5.5)</i>																		
	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.70	0.71	0.67	0.68	0.85	0.88	0.78	0.66	0.74	0.63	0.91	0.79	0.82	0.60	0.78	0.57	0.95	0.70
Coloured	0.30	0.28	0.33	0.31	0.15	0.12	0.22	0.29	0.25	0.31	0.09	0.21	0.17	0.31	0.22	0.32	0.05	0.30
White	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.05	0.00	0.06	0.00	0.00	0.00	0.08	0.00	0.11	0.00	0.00
<i>Hoogeveen and Özler lower bound (R384 or Logged Monthly Real Per Capita Income of 5.9)</i>																		
	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.59	0.61	0.57	0.59	0.72	0.77	0.69	0.66	0.66	0.63	0.85	0.80	0.76	0.64	0.72	0.61	0.91	0.74
Coloured	0.40	0.38	0.43	0.41	0.28	0.23	0.30	0.32	0.34	0.34	0.15	0.20	0.24	0.31	0.28	0.32	0.09	0.26
White	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.02	0.01	0.03	0.00	0.00	0.00	0.06	0.00	0.07	0.00	0.00
<i>Hoogeveen and Özler upper bound (R707 or Logged Monthly Real Per Capita Income of 6.6)</i>																		
	a=0						a=1						a=2					
	<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>		<u>All</u>		<u>Stayer</u>		<u>Mover</u>	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	0.48	0.47	0.45	0.45	0.61	0.64	0.61	0.59	0.58	0.56	0.76	0.75	0.70	0.63	0.66	0.60	0.85	0.76
Coloured	0.52	0.52	0.54	0.55	0.39	0.36	0.38	0.40	0.41	0.43	0.24	0.25	0.30	0.34	0.34	0.36	0.15	0.24
White	0.01	0.00	0.01	0.01	0.00	0.00	0.01	0.01	0.01	0.02	0.00	0.00	0.00	0.04	0.01	0.04	0.00	0.00
<i>Note: These statistics are based on Real Per Capita Monthly Income at 2002 constant rands</i>																		

Table 17: Poverty Risk statistics by poverty line measures

<i>International dollar a day (R97 or Logged Monthly Real Per Capita Income of 4.6)</i>																		
	a=0						a=1						a=2					
	All		Stayer		Mover		All		Stayer		Mover		All		Stayer		Mover	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	3.02	2.54	3.27	2.58	1.91	1.93	3.07	2.29	3.26	2.40	2.02	1.57	3.13	2.10	3.23	2.21	2.08	1.39
Coloured	0.33	0.50	0.36	0.58	0.23	0.21	0.30	0.53	0.36	0.53	0.12	0.58	0.27	0.60	0.37	0.58	0.05	0.77
White	0.00	0.19	0.00	0.23	0.00	0.00	0.00	0.49	0.00	0.61	0.00	0.00	0.00	0.56	0.00	0.71	0.00	0.00
<i>International two dollars a day (R193 or Logged Monthly Real Per Capita Income of 5.3)</i>																		
	a=0						a=1						a=2					
	All		Stayer		Mover		All		Stayer		Mover		All		Stayer		Mover	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	2.59	2.60	2.75	2.77	1.81	1.88	2.87	2.44	3.06	2.58	1.93	1.69	3.04	2.22	3.20	2.34	2.02	1.49
Coloured	0.53	0.51	0.58	0.55	0.34	0.26	0.39	0.52	0.45	0.54	0.21	0.46	0.31	0.57	0.39	0.56	0.12	0.67
White	0.01	0.07	0.01	0.07	0.00	0.00	0.01	0.29	0.01	0.34	0.00	0.00	0.01	0.48	0.01	0.60	0.00	0.00
<i>Hoozeven and Özler lower bound (R384 or Logged Monthly Real Per Capita Income of 5.9)</i>																		
	a=0						a=1						a=2					
	All		Stayer		Mover		All		Stayer		Mover		All		Stayer		Mover	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	2.18	2.26	2.33	2.40	1.54	1.65	2.55	2.43	2.69	2.59	1.81	1.71	2.81	2.35	2.96	2.49	1.94	1.59
Coloured	0.73	0.69	0.75	0.72	0.61	0.50	0.55	0.57	0.60	0.60	0.33	0.44	0.42	0.55	0.49	0.56	0.20	0.56
White	0.03	0.02	0.04	0.02	0.00	0.00	0.02	0.14	0.03	0.15	0.00	0.00	0.02	0.33	0.02	0.40	0.00	0.00
<i>Hoozeven and Özler upper bound (R707 or Logged Monthly Real Per Capita Income of 6.6)</i>																		
	a=0						a=1						a=2					
	All		Stayer		Mover		All		Stayer		Mover		All		Stayer		Mover	
	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005	2002	2005
African	1.75	1.75	1.85	1.83	1.30	1.36	2.25	2.16	2.37	2.29	1.62	1.60	2.56	2.32	2.70	2.46	1.82	1.62
Coloured	0.93	0.94	0.95	0.96	0.85	0.79	0.69	0.72	0.73	0.75	0.53	0.55	0.54	0.60	0.59	0.63	0.33	0.53
White	0.04	0.03	0.04	0.03	0.00	0.00	0.03	0.07	0.04	0.08	0.00	0.00	0.02	0.21	0.03	0.24	0.00	0.00
<i>Note: These statistics are based on Real Per Capita Monthly Income at 2002 constant rands</i>																		

A pattern which does however dominate is that Africans tend to experience a higher risk of poverty than their Coloured and White counterparts. In addition, we see that across the poverty measures of the headcount, poverty gap and squared poverty gap, an increasing weight being given to the African population relative to Coloureds and Whites as it is this race group who tend to have access to the least income resources across the population.

This poverty analysis has shown that poverty in the CAPS population is on the decline. In addition, while there are no unanimous differences in income across stayer and mover young adults, there is evidence that across races mover young adults experience an improvement in their well-being. In general, young adults were shown to be transitioning to a better standard of well-being. To investigate this matter further the next section employs income mobility techniques to identify the absolute income transitions young adults make in relation to the degree of living arrangement stability. In particular, a transition analysis of the form Carter and May (2001) adopt is used to identify the poverty transitions of stayer and mover young adults.

4.3.4 Income dynamics of stayer and mover young adults in an income mobility framework

The preceding poverty analysis revealed that poverty is on the decline in the CAPS. Taking a welfare analysis further this section explores poverty in absolute terms. In particular, young adults are categorized according to their per capita income relative to the aforementioned poverty lines in 2002 and 2005. A basic regression analysis and a poverty transition matrix analysis, then outlines the mobility of young adults across these categories over time. Leibbrandt and Woolard (2001) perform a relative income mobility analysis which shows that the labour market is an important determinant of the movement of households into and out of poverty. It is also found that demographic events, similar to those which Bane and Ellwood make reference to, have an important influence over poverty dynamics. Overall, labour market circumstances are a key determinant of poverty and inequality in South Africa. This section uses regression analysis and poverty transition matrices to see whether changes in the living arrangement circumstances of young adults are a determinant of the changes in the relative well-being of young adults over time.

The economic or income mobility of an individual explains how dependent their present economic well-being is on their previous well-being (Fields, 1980: 105). Income mobility thereby explains the time dependence of income. In this context the measure of well-being is that of logged monthly real per capita income. A basic correlation between 2002 and 2005 income shows that the income of stayer young adults in 2002 is strongly positively time dependent on their 2005 income, as shown by a Pearson correlation coefficient of 0.74. For mover young adults, their 2002 and 2005 incomes are less positively time dependent given that they have a correlation coefficient of 0.43. This implies that for both stayers and movers there is positive time dependence of income (Fields, 1980). The fact that mover young adults experience a smaller degree of time dependence suggests that they are more likely to undergo income mobility than stayers over time.

A more stringent test of the relationship between current and previous income is provided through a regression analysis. Specifically, to determine which factors bring about changes in income and thereby well-being over time, a regression analysis proves informative (Fields et al, 2003). Table 18 presents a log-log regression models results of the relationship which 2002 income has to 2005 income, and the changes in income over time. The Adjusted R-squared value indicates the extent to which the model explains the variation in income. Models 1 and 2 provide a good fit of the relationship between income in 2002 and 2005, with an Adjusted R-squared of 50%. In contrast, models 3 and 4 explain less of the variation in the changes in income. Much as Leibbrandt and Woolard (2001) find, in both model 3 and 4 Logged Real Monthly Per Capita Income in 2002 is negatively related to a change in income. This indicates a strong tendency towards the mean. As such, the higher the initial income of a young adult, the more likely they were to experience a decline in well-being over time (Leibbrandt and Woolard, 2001). Overall, we see that initial income is the most important determinant of 2005 income and the changes in income over time (Fields et al, 2003).

Table 18: Regressions of the relation of 2002 to 2005 income and, income changes for stayers and movers				
	Logged Monthly Real Per Capita Income in 2005		Change in Logged Monthly Real Per Capita Income	
	1	2	3	4
Logged Monthly Per Capita Income in 2002	0.717 (53.60)***	0.455 (11.57)***	-0.283 (21.16)***	-0.545 (13.87)***
Change in living arrangement of young adult (1 = Stayer, 0 = Mover)	0.016 (-0.34)	-1.825 (6.91)***	0.016 (-0.34)	-1.825 (6.91)***
Logged Monthly Per Capita Income in 2002*Stayer		0.296 (7.09)***		0.296 (7.09)***
Constant	2.024 (21.53)***	3.642 (14.77)***	2.024 (21.53)***	3.642 (14.77)***
Observations	2983	2983	2983	2983
Adjusted R-squared	0.50	0.50	0.13	0.15
*** p<0.01, ** p<0.05, * p<0.1 (Absolute value of t-statistics in parentheses)				
Source: Own Calculations, CAPS				

The contribution this regression analysis makes is the introduction of the stability measure as a determinant of income in 2005, and income changes over time. Model 1 indicates that a 1% change in 2002 income is associated with the same percentage change (1.6%) in 2005 income across stayer and mover young adults. Model 3 similarly indicates that for both stayer and mover young adults a 1% change in 2002 income leads to a 1.6% change in income over time.

Models 2 and 4 introduce a differential slope coefficient in the form of an interaction of income and the stability measure. The differential intercept and slope coefficients are both statistically significant, giving evidence that the income dynamics of stayers and movers diverge (Gujarati, 2003: 309). Specifically, model 2 shows that the income of stayers is more stable than that of movers. As such stayers

with a low income in 2002 are more likely to have a low income in 2005. This result is supported by the fact that stayers have a greater time dependence of income than movers.

Model 4 further shows that mover young adults experience mean reversion whereby they have a lower growth rate of income for a higher initial income. Stayers in contrast experience the opposite of mean reversion whereby those young adults with a lower income in 2002 experienced lower growth in income than those with high income in 2002. It is clear that young adults have experienced significant changes in income over time and that movers have particularly undergone more transitions in income over time.

Thus far the relationship between initial income and changes in income over time has been identified. Changes in the living arrangements of young adults have also been shown to determine the well-being of a young adult over time. Following Carter and May (2001), to investigate the transitions young adults make in their well-being, Tables 19 and 20 outline the poverty transition matrices of stayer and mover young adults, respectively. The structure of a transition matrix is such that it represents a movement of individuals from one income group (which implies a group of households of a particular level of income) to another, from one time period (t_0) to another (t_1) (Leibbrandt and Woolard, 2001).

Each income class reflects a particular poverty measure, where deflated real income, rather than logged real income, is the measure of well-being. The income classes are such that: Class One (\$0 - \$1) reflects individuals who have a monthly real per capita income less than one dollar a day, Class Two (\$1 - \$2) those who have an income between \$1 and \$2/ day, Class Three (\$2 - \$3) those with an income between \$2 and \$3/day and Class Four those young adults who have an income of greater than \$3/day. As such, similar to Carter and May (2001), the income classes reflect the absolute level of well-being (total income divided by the number of household members) for stayer and mover young adults.

Table 19: Poverty Transition Matrix for stayer young adults					
2002 Real Per Capita Income Classes	2005 Real Per Capita Income Classes (2002 Rand)				Row Total
	(\$0 - \$1) [2.5%]	(\$1 - \$2) [5.3%]	(\$2 - \$3) [7.3%]	(>\$3) [84.9%]	
(\$0 - \$1) [3.4%]	17.4%	14.6%	22.0%	46.1%	100%
(\$1 - \$2) [7.6%]	5.4%	18.6%	22.3%	53.6%	100%
(\$2 - \$3) [10.4%]	4.2%	10.8%	17.7%	67.3%	100%
(>\$3) [78.6%]	1.3%	2.9%	3.9%	92.0%	100%
<i>Source: Own Calculations, CAPS</i>					

Table 20: Poverty Transition Matrix for mover young adults					
2002 Real Per Capita Income Classes	2005 Real Per Capita Income Classes (2002 Rand)				Row Total
	(\$0 - \$1) [5.0%]	(\$1 - \$2) [4.6%]	(\$2 - \$3) [11.0%]	(>\$3) [79.3%]	
(\$0 - \$1) [6.9%]	5.6%	11.0%	24.1%	59.4%	100%
(\$1 - \$2) [10.7%]	9.9%	7.5%	8.5%	74.1%	100%
(\$2 - \$3) [11.6%]	12.8%	2.8%	16.9%	67.6%	100%
(>\$3) [70.9%]	3.0%	3.9%	9.2%	84.0%	100%
<i>Source: Own Calculations, CAPS</i>					

In Tables 19 and 20 the bold figures along the main diagonals indicate those young adults who remained in the same income class between 2002 and 2005. The initial and final distribution of young adults across the income classes in 2002 and 2005 is provided in square brackets (Carter and May, 2001). Table 19 shows that with the exception of incomes in excess of \$3/day, stayer young adults experience substantial income mobility, with more upward than downward mobility. Table 20 shows that movers show the same trend and even more mobility than stayers. To test the extent to which stayer and mover young adults have transitioned in their well-being, a measure of the difference between each income category between 2005 and 2002 was generated. Leibbrandt and Woolard (2001) create a similar measure, referred to as the ‘intensity of income mobility’. Here it is referred to the ‘poverty difference’ in Table 21 and indicates that stayer young adults show less income mobility than movers. In addition, mover young adults experience a marginally greater degree of upward income mobility than stayers. Overall, for young adults who have an income below a poverty line of \$3/day, substantial income mobility is observed. Above a poverty line of \$3/day, however, we see relatively stable income dynamics.

Table 21: Percent of young adults experiencing income mobility between poverty classes			
Poverty Difference	Stayer	Mover	Total number of observations
-3	1.0%	2.1%	41
-2	2.7%	4.2%	107
-1	4.6%	7.9%	194
0	76.1%	62.6%	1995
1	9.2%	9.5%	356
2	4.9%	9.6%	217
3	1.6%	4.1%	74
	[100%]	[100%]	
Total number of observations	2564	420	2984
<i>Note: The poverty difference indicates whether a young adult has moved to a different class of per income as measured by the poverty line classes in Tables 19a and 19b, between 2002 and 2005</i>			
<i>Source: Own Calculations, CAPS</i>			

This income mobility analysis provides useful information on the transitions which young adults face. Specifically, young adults who alter their living arrangements are shown to transition to higher income groups at a greater frequency than those who remain in their initial living circumstances. While distinct mobility dynamics are observed for stayer and mover young adults, these results do not represent conclusive evidence that changes in the living arrangements of young adults necessarily result in changes in their well-being over time. In the next section, following Fields et al (2003), a multivariate regression analysis that encompasses a host of household composition characteristics, as well as the initial and changing living arrangements of young adults, provides an explicit determination of the factors causing changes in the well-being of young adults over time.

4.4 Determinants of changes in the well-being of stayer and mover young adults

This dissertation has thus far shown that stayer and mover young adults have different transitions in well-being over time. In particular, stayer young adults have been shown to progress at a faster pace than movers. In addition, the poverty transition analysis evidenced that mover young adults undergo greater income mobility than stayers. Altogether, it is clear that the fluidity of young adult living arrangements is an important determinant of their well-being transitions over time. To identify the significance of living arrangements as a determinant of well-being, it is important to account for a range of household factors which additionally affect a young adult's well-being. Following Leibbrandt and Woolard (2001), this section employs multivariate regression analysis to explore which factors determine whether a young adult gets ahead over time or not.

In line with Leibbrandt and Woolard (2001), the regression model proposed is of the following form:

$$\Delta \ln \left(\frac{I_i}{H_i} \right) = f(DE_i, L_i, \Delta L_i)$$

where,

- I_i = real income of a young adult i
- H_i = number of household members in a young adult i 's household in 2002
- DE_i = a set of demographic and economic characteristics of the household head in 2002
- L_i = the living arrangements of a young adult i in 2002
- ΔL_i = changes in a young adult i 's living arrangements over time

Table 22 presents the results of various regression models run across all panel young adults. Each regression reflects an ordinary least squares estimation of the change in the logged monthly real per capita income of young adults. While the models do not fit particularly well they do illustrate the importance of the characteristics of a young adult's household environment in influencing their well-being over time.

These models progressively build on each other so that with each new iteration of the model a new regressor's significance in relation to well-being is tested. The core issue of concern is the impact of a young adult's initial and changing living arrangement on their well-being over time once we control for the basic demographic characteristics of the household head in 2002.

In model 1, the coefficient on initial (2002) income is negative and significant which once more implies a regression towards the mean (Leibbrandt and Woolard, 2001). This implies that the higher a young adult's initial income the lower the change in their well-being over time. In contrast to Leibbrandt and Woolard (2001), as the number of children in a household increases young adult's experience a higher rate of change in their well-being. An interesting finding is that the rate of change in well-being of young adults who live with a male household head is lower than those who live with a female household head. This implies male headed households have a negative impact on the change in young adult well-being over time. A significant determinant of a young adult's well-being is illustrated by the age of the household head. In particular, as the age of the household head increases a young adult experiences a lower rate of change in their well-being over time.

The level of education of a household head shows a positive but insignificant impact on changes in a young adult's well-being over time. Young adult's whose household head was employed in 2002 observe a lower rate of change in their well-being. The negative sign on this coefficient implies that the change in well-being of young adults is negatively affected for those who initially reside with an employed household head. This suggests that those young adults who were initially less well-off, experience a higher change in their well-being than those who were comparatively better off at the outset. In general these trends suggest that the characteristics of the household head determine the stability of a young adult's well-being over time.

In terms of race White young adults are shown to have a significantly higher rate of change in their well-being as compared to African young adults. This finding is supported by the evidence provided in Table 12, which showed that White young adult's tend to have a higher mean level of well-being over time, relative to non-Whites. In order to check whether the income effects were driven by other characteristics of the young person, an additional regression was run which included the age and education of the young adult at baseline. However, the coefficients were not significant and did not change the magnitude and signs on any of the other variables in the model.

Table 22: Determinants of the change in Logged Monthly Real Per Capita Income relative to household dynamics

	1	2	3	4
Per Capita Household Income in 2002	-0.0001 (11.98)***	-0.0001 (12.05)***	-0.0001 (11.89)***	-0.0001 (11.73)***
Number of children (under the age of 18) per household in 2002	0.0120 (-1.04)	0.0130 (-1.07)	0.0130 (-1.06)	0.0130 (-1.09)
Male headed household in 2002 (1 = male, 0 otherwise)	-0.0080 (-0.23)	-0.0070 (-0.19)	0.0590 (-1.32)	0.0600 (-1.36)
Age of household head in 2002	-0.0030 (2.02)**	-0.0030 (-1.95)*	-0.0040 (2.12)**	-0.0050 (2.20)**
Highest level of education, in years, of household head in 2002	0.0080 (-1.28)	0.0080 (-1.29)	0.0080 (-1.36)	0.0080 (-1.33)
Work status of household head in 2002 (1 = working part-time or full-time, 0 = not working)	-0.2350 (5.64)***	-0.2330 (5.59)***	-0.2570 (6.09)***	-0.2580 (6.12)***
Coloured	-0.0480 (-1.15)	-0.0820 (-0.81)	-0.0870 (-0.85)	-0.1890 (-1.76)*
White	0.4480 (6.41)***	0.1880 (-0.99)	0.1420 (-0.75)	0.1380 (-0.70)
Coloured Stayer		0.0450 (-0.41)	0.0330 (-0.3)	0.1450 (-1.25)
White Stayer		0.2860 (-1.48)	0.3170 (-1.64)	0.3150 (-1.55)
Stayer	-0.0450 (-0.85)	-0.0930 (-1.15)	-0.1640 (-1.93)*	-0.4170 (2.02)**
Both parents in 2002			0.0700 (-0.75)	-0.2770 (-1.24)
Mother and grandparent(s) in 2002			0.0630 (-0.53)	0.2920 (-1.23)
Mother in 2002			0.1930 (-1.95)*	0.1390 (-0.70)
Father and grandparent(s) in 2002			-0.8180 (3.18)***	-1.0200 (2.07)**
Father in 2002			0.0480 (-0.39)	-0.2190 (-0.81)
Grandparent only in 2002			0.1320 (-1.06)	0.1880 (-0.87)
Uncle(s)/Aunt(s) only in 2002			-0.0960 (-0.73)	-0.3800 (1.96)**
Other family in 2002			-0.1260 (-1.10)	-0.2870 (-1.52)
Non-family in 2002			0.2150 (-1.04)	-0.1030 (-0.32)
Alone in 2002			-0.1630 (-0.55)	-1.8330 (3.09)***
Both parents in 2002*Stayer				0.4140 (-1.66)*
Mother and grandparent(s) in 2002*Stayer				-0.2270 (-0.84)
Mother in 2002*Stayer				0.1100 (-0.49)
Father and grandparent(s) in 2002*Stayer				0.3080 (-0.53)
Father in 2002*Stayer				0.3510 (-1.15)
Grandparent(s) in 2002*Stayer				-0.0650 (-0.25)
Uncle(s)/Aunt(s) in 2002*Stayer				0.5730 (2.14)**
Other family in 2002*Stayer				0.2340 (-1.02)
Non-family in 2002*Stayer				0.5150 (-1.23)
Alone in 2002*Stayer				2.1740 (3.23)***
African mover young adults who lived with both parents and a grandparent(s) in 2002	0.6060 (4.87)***	0.6360 (4.85)***	0.6510 (3.66)***	0.8420 (3.83)***
Observations	2847	2847	2847	2847
Adjusted R-squared	0.08	0.08	0.09	0.09

*** p<0.01, ** p<0.05, * p<0.1 (Absolute value of t-statistics in parentheses)

Source: Own Calculations, CAPS

In model 1, changes in the living arrangements of a young adult have an insignificant impact on their well-being over time. To test whether stayer young adults of different races experience significantly different changes in their well-being over time, model 2 includes an interaction dummy variable between stayer young adults and the various race groups. The basic demographic and economic environment factors maintain their signs as in model 1. However, being a White young adult no longer implies an individual experiences a greater change in well-being relative to a non-White. Despite inclusion of the interaction dummy being a stayer young adult does not mean one has a significantly different well-being as compared to a mover young adult.

It is apparent that the stability of a young adult's well-being over time is dependent on more than simply the stability of their living arrangements. Specifically, we might expect that the initial living arrangements which a young adult is seen to reside in have a crucial impact on their projected well-being. As such, model 3 adds the initial living circumstances of young adults to the model 2. It is immediately the case that being a stayer young adult implies a significantly lower change and negative impact on the change in a young adult's well-being over time. This suggests that whether a young adult's well-being alters over time is directly related to their initial living circumstances.

Other interesting patterns which emerge are that young adults who reside with a male head of household now experience a higher rate of change in their well-being over time. In addition, young adults who lived with their mother in 2002 experience a higher change in well-being with time relative to those who lived with both parents and a grandparent(s) in 2002. Those young adults who lived with their father and grandparent (s) in 2002 have significant lower change in well-being over time, relative to those who lived with both parents and a grandparent(s) in 2002.²² Those young adults who live with their mother and grandparent experience a positive impact on the change in their well-being over time where as those who live with their father and grandparent experience a negative impact on the change in their well-being over time.

Model 3 shows that, on accounting for the initial living circumstances of young adults, the stability in their living arrangements has an important influence on their well-being. Taking this further, model 4 presents the results of a regression where the stability of a young adult's living arrangement is interacted with their initial living circumstances. This model thus tests whether stayer young adults who lived under particular living arrangements in 2002 experienced a significantly different well-being, relative to mover young adults who lived under the same circumstances in 2002. Interestingly, Coloured young adults now show a significantly greater change in well-being than Africans. The significance of being a stayer young

²² To test the robustness of the results in model 3, an additional regression model which excluded the stayer dummy and the interaction between the stayer dummy variable and race, was completed. The results show that young adults who live with their mother or father and grandparent(s) in 2002 still have significantly different levels of well-being relative to those who lived with both parents and a grandparent(s) in 2002. In addition, Coloured young adults experience a significant decline in well-being relative to African young adults.

adult now increases and becomes more negative. In addition, those young adults who lived with their mother in 2002, no longer experience higher change in well-being relative to those who lived with both parents and a grandparent(s) in 2002.

Model 4 indicates that young adults who lived with their uncle(s)/aunt(s) or alone in 2002, have a significantly lower change in their well-being over time. For stayer young adults however, this lower change in well-being is outweighed by the positive coefficient on the interaction of the stayer dummy and the initial living arrangements. This finding is not at odds with the literature, which suggests that young adults sometimes adopt an extended family living arrangement in order to secure their well-being (Wittenberg and Collinson, 2007).

In addition, the literature recognizes that as young adults mature, they have greater autonomy in determining their living arrangements (Mitchell, Wister and Gee, 2004). While some young adults may choose to continue to reside alone, in order to pursue their own goals, whether it be in the form of employment, marriage, further education or other growth opportunities. The fact that young adults who reside alone in 2002 show a significantly higher change in their well-being over time could suggest that young adults are actively altering their living environment in pursuit of a better well-being. Stayer young adults who lived with both their parents in 2002 are also shown to have a significantly higher change in their well-being over time, relative to mover young adults of the same living arrangement in 2002. Overall, it is apparent that stayer young adults who lived with both their parents, uncle(s)/aunt(s) or alone in 2002, experience significantly greater changes in well-being than mover young adults of the same living circumstances in 2002.

In sum, this multivariate regression analysis illustrates that the well-being of a young adult is a complex function of the demographic and other characteristics of the household head, as well as of their initial and changing living arrangement structure. In particular, a young adult's initial living arrangement is a crucial determinant of the stability in their well-being over time. When we control for the initial living arrangements of a young adult we find that stayer young adults have a more stable well-being than their mover counterparts. However, when we propose that stayer young adults of particular 2002 living circumstances fare differently from movers of those arrangements, we find that stayers have a significantly higher change in well-being relative to movers of the same initial living circumstances. As such, the well-being of a young adult must be understood in light of the intricacies of their living environment if we are to better understand how young adults can stabilize their well-being over time.

In general, this dissertation has shown that there is much less fluidity in the living arrangements of young adults than what much literature would suggest. Initially it was shown that there exists a diverse range of living circumstances amongst the CAPS young adults. A living arrangement transition analysis made clear that many young adults changed their living arrangements between 2002 and 2005. To

investigate the degree of fluidity in young adults living arrangements, a measure of the stability in young adult living arrangements was derived. The measure distinguished between stayer and mover young adults and showed that contrary to what the literature suggests, young adults experience a limited degree of living arrangement fluidity.

Using this stability measure, a welfare analysis of the CAPS young adults revealed that young adults who maintain or alter their living arrangements experience marginally different levels of well-being over time. It was then shown that poverty amongst the CAPS young adults is on the decline. To understand the transitions in young adult well-being a poverty transition analysis was performed. A basic income regression analysis indicated that income is significantly more stable for stayer young adults than mover young adults. Overall however, the poverty transition analysis showed that mover young adults experienced greater upward mobility in their well-being over time relative to stayers.

Overall, the income dynamic analysis provided inconclusive evidence of divergence in the well-being of stayer and mover young adults. As a consequence, a model which explicitly accounts for the complex nature of a household was generated in a multivariate regression analysis context. The results show that the well-being of a young adult is indeed a multifaceted function of their household dynamics. In addition, being a stayer young adult does not necessarily imply a young adult has a more stable well-being over time. In general, the findings show that the well-being of a young adult is significantly related to their initial and changing living arrangements. Thus, in order to influence the environment in which young adult's progress it is crucial that we understand the dynamics of their living arrangements over time.

5 CONCLUSION

This dissertation has unpacked the living arrangements of a subset of Cape Town young adults. In particular, the literature regarding the various forms of living arrangement was employed to guide a disaggregation of the nuclear, extended and multi-generational living arrangement forms. These structures were then used to test for changes in the living arrangements of the CAPS young adults between 2002 and 2005. Overall it was shown that most young adults tend to reside with both their parents or their mother, and this category of living arrangement also showed relative stability. These findings are in line with Manning and Brown (2006) and Manski (1992) who indicate the importance of the both parent living arrangement in securing the well-being of young adults. Across races African young adults were shown to experience a greater dispersion across the various living arrangements and to make particular use of their other family living arrangement. While the results pointed to young adults undergoing living circumstance changes, the degree of such changes was unclear.

The literature on the living arrangements of young adults provides a range of information on the various and changing living arrangements of young adults. However, little is understood on how stable these living arrangements are in urban contexts. To estimate the degree of living arrangement change over time, a measure of young adult living arrangement stability was created using the CAPS. This measure distinguishes between those young adults who have stayed under the same living arrangements as ‘stayer’ young adults and those who have changed their living arrangements between 2002 and 2005, ‘mover’ young adults.

This living arrangement stability measure indicates that in the CAPS, unlike the literature suggests (Spiegel et al, 1996), the degree of fluidity in young adults living arrangements is minimal with 88% of young adults classified as stayers and only 12% as movers. Across races, African young adults face the least stability in living arrangements over time with 21% of Africans as compared to 10% and 5% of Coloureds and Whites, respectively, being classified as movers. This measure of living arrangement stability was then employed to see how young adults have fared between 2002 and 2005.

While stayer and mover young adults improved their well-being over time, notable differences across these groups exists. In particular, while in aggregate stayer and mover young adults improve their well-being over time, across races we see an underlying divergence in this stability measure amongst White young adults. The basic statistical descriptive analysis indicated no vast differences between stayer and mover young adult income dynamics. In terms of the transitions young adults make over time, a welfare analysis using poverty indices and income mobility matrices shows that while poverty is on the decline in the CAPS, stayer and mover young adults have different rates of change in their well-being over time. Specifically, while stayer young adults progress at a faster pace than movers, mover young adults experience a greater degree of upward mobility in their well-being between 2002 and 2005.

A multivariate regression analysis shows that once we account for the demographic characteristics of the household head, young adults who change their living arrangements progress at a significantly different pace to stayer young adults. However, controlling for the race of a stayer young adult and more importantly their initial living circumstances, we see that whether a young adult gets ahead over time depends on their initial living arrangements. Specifically, stayer young adults who lived with both parents, their uncle(s)/aunt(s) or alone in 2002, experience significantly higher changes in well-being than mover young adults who live with both parents and their grandparent(s). Thus, being a stayer young adult does not necessarily imply a young adult has a more stable well-being over time. In general, the findings show that the well-being of a young adult is significantly related to their initial and changing living arrangements. Thus, in order to influence the environment in which young adults' progress, it is crucial that we understand the dynamics of their living arrangements over time.

This dissertation has shown that the living arrangements of young adults are more stable than what the literature in this regard suggests. The changes in the living arrangements of young adults were shown to be significantly related to changes in their well-being over time once controlling for their initial living circumstances. The key contribution this dissertation makes is developing a measure which distinguishes those young adults who have altered their living arrangements over time from those who have not. A welfare analysis reveals that whether a young adult maintains or changes their living arrangement depends on their initial living circumstances. This finding implies that the original living environment of a young adult has a crucial impact on their well-being transitions over time.

In order to develop strategies of targeted improvements in the well-being of young adults, understanding the household environment with its diverse set of socio-economic and cultural factors is important in bringing about such positive changes in their well-being. Importantly, the need to derive a measure of young adult well-being recognizes that young adults are undergoing changes in their core environment in which they transition from adolescence to adulthood. While some such changes are natural, with young adults altering their living circumstances as they progress to engage in further education or labour market activities, much of the change in the living arrangements of young adults emerges from their need to employ living strategies which secure their immediate and longer-term well-being. Recognizing that young adults are undergoing changes in their living circumstances thus allows us to get to grips with some of the crucial factors determining their well-being over time.

While this dissertation has identified the range of different living arrangements of young adults as well as the extent to which these changed between 2002 and 2005, more research could be done to understanding the household events which may bring about such living arrangement changes. While information on the basic household events in the CAPS is available, a model which could identify the link these events have with the well-being of young adults could prove informative to strategies which aim to address the factors which bring about negative changes in the well-being of young adults.

This dissertation has shown that young adults in the CAPS are undergoing a number of living arrangement changes. These changes in turn have an impact on their well-being over time. However, when looking more carefully at young adults we see that little divergence in the well-being of those young adults who have changed their living circumstances and those who have not exists. Altogether this dissertation indicates that the transitions that a young adult makes in their well-being are a complex function of their household environment. Beyond changes in their living arrangements, young adults are experiencing changes in their socio-economic environment which affect their welfare over time. Overall, this dissertation shows that understanding the dynamics of young adult well-being depends crucially on taking account of the household dynamics they are exposed, while allowing for exogenous changes in the demographic, political, cultural and economic environment in which they live. As such, to secure a particular level of well-being for young adults and to improve their well-being over time, strategies in this regard should bear in mind the inter-link between the dynamics of a young adult's living environment and their well-being over time.

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7 APPENDIX

Table A 1: Distribution of young adults across living arrangement inclusive of missing observations								
	African		Coloured		White		Total	
	2002	2005	2002	2005	2002	2005	2002	2005
Both parents and grandparent(s)	13%	7%	79%	86%	8%	7%	100	59
Both parents	31%	29%	54%	56%	15%	15%	1264	1103
Mother and grandparent(s)	38%	35%	57%	59%	5%	6%	185	133
Mother	48%	46%	46%	48%	7%	6%	850	922
Father and grandparent(s)	29%	36%	57%	45%	14%	18%	14	11
Father	54%	44%	33%	42%	13%	14%	135	163
Grandparent	43%	46%	57%	54%	0%	0%	161	122
Uncle(s)/Aunt(s)	77%	77%	22%	23%	1%	0%	153	111
Other family	65%	66%	32%	31%	3%	3%	257	306
Non-family	38%	50%	44%	33%	18%	17%	39	6
Alone	68%	65%	11%	17%	21%	17%	28	52
Missing Observations	67%	48%	17%	38%	17%	14%	6	204
Total	1345	1345	1537	1537	310	310	3192	3192
<i>Source: Own Calculations, CAPS</i>								
<i>Note: Missing observations reflect those young adults for whom the data on their relationship to other household members is missing.</i>								

Table A 2: Racial characteristics of young adults with missing relationship information				
	Number of observations		Percentage	
	2002	2005	2002	2005
African	4	97	57%	32%
Coloured	1	78	16%	39%
White	1	29	27%	29%
Total number of observations	6	204	100%	100%
<i>Source: Own Calculations, CAPS</i>				

Table A 3: Gender characteristics of young adults with missing relationship information				
	Number of observations		Percentage	
	2002	2005	2002	2005
Male	1	91	10%	44%
Female	5	113	90%	56%
Total number of observations	6	204	100%	100%
<i>Source: Own Calculations, CAPS</i>				

Table A 4: Age distribution of young adults with missing relationship information				
	Number of observations		Percentage	
	2002	2005	2002	2005
15	1		16%	
16				
17		11		3%
18		16		7%
19		19		6%
20		16		7%
21	2	22	36%	10%
22	3	24	48%	12%
23		25		14%
24		37		22%
25		34		19%
Total	6	204	100%	100%
<i>Source: Own Calculations, CAPS</i>				

Table A 5: Living arrangement transitions of all female young adults across 2002 and 2005

Table A 5: Living arrangement transitions of all female young adults across 2002 and 2005													
Living Arrangement in 2005													
	Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	Total number of observations	
Living Arrangement in 2002	Both parents and grandparent(s)	59%	30%	4%	4%	0%	0%	0%	2%	0%	0%	54	
	Both parents	0%	85%	0%	9%	0%	2%	0%	3%	0%	0%	618	
	Mother and grandparent(s)	2%	2%	69%	11%	0%	0%	15%	1%	0%	0%	85	
	Mother	0%	2%	0%	86%	0%	1%	0%	2%	8%	0%	448	
	Father and grandparent(s)	0%	0%	0%	0%	73%	18%	0%	0%	9%	0%	9	
	Father	0%	3%	0%	11%	0%	72%	0%	1%	13%	0%	61	
	Grandparent	1%	3%	6%	11%	1%	1%	59%	7%	8%	0%	87	
	Uncle(s)/Aunt(s)	0%	2%	0%	20%	0%	1%	2%	58%	14%	0%	3%	79
	Other family	0%	2%	0%	12%	0%	3%	1%	1%	79%	0%	3%	147
	Non-family	0%	23%	0%	32%	0%	0%	0%	0%	23%	7%	14%	11
	Alone	0%	0%	0%	17%	0%	0%	0%	0%	0%	0%	83%	7
	Total number of observations	31	558	64	518	7	72	66	67	201	1	21	1606

Source: Own Calculations, CAPS

*Source: Own Calculations, CAPS***Table A 6: Living arrangement transitions of all male young adults across 2002 and 2005**

Table A 6: Living arrangement transitions of all male young adults across 2002 and 2005													
Living Arrangement in 2005													
Living Arrangement in 2002		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	Total number of observations
	Both parents and grandparent(s)	62%	32%	2%	0%	2%	0%	2%	0%	0%	0%	0%	42
	Both parents	0%	87%	0%	5%	0%	5%	0%	0%	1%	0%	1%	594
	Mother and grandparent(s)	1%	0%	67%	14%	0%	2%	8%	1%	3%	0%	4%	93
	Mother	0%	2%	0%	92%	0%	1%	1%	0%	3%	0%	1%	355
	Father and grandparent(s)	26%	0%	0%	0%	50%	24%	0%	0%	0%	0%	0%	5
	Father	0%	8%	0%	4%	0%	84%	0%	0%	4%	0%	0%	63
	Grandparent	2%	5%	12%	10%	0%	4%	58%	6%	3%	0%	1%	64
	Uncle(s)/Aunt(s)	0%	2%	0%	18%	0%	3%	2%	60%	11%	1%	3%	57
	Other family	0%	3%	0%	16%	0%	2%	1%	2%	64%	1%	11%	84
	Non-family	0%	9%	0%	23%	0%	6%	0%	0%	30%	17%	16%	14
	Alone	0%	13%	0%	14%	0%	0%	0%	0%	0%	0%	73%	7
	Total number of observations	28	545	69	404	4	91	56	43	102	5	31	1378
Source: Own Calculations. CAPS													

Source: Own Calculations, CAPS

Table A 7: Living arrangement transitions of African female young adults across 2002 and 2005

Living Arrangement in 2005												
	Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	Total number of observations
Living Arrangement in 2002	Both parents and grandparent(s)	21%	64%	0%	14%	0%	0%	0%	0%	0%	0%	8
	Both parents	0%	77%	0%	14%	0%	4%	0%	1%	4%	0%	187
	Mother and grandparent(s)	0%	3%	60%	3%	0%	32%	3%	0%	0%	0%	32
	Mother	0%	0%	0%	83%	0%	1%	0%	4%	11%	0%	220
	Father and grandparent(s)	0%	0%	0%	0%	80%	20%	0%	0%	0%	0%	3
	Father	0%	9%	0%	4%	0%	62%	0%	2%	24%	0%	33
	Grandparent	0%	6%	8%	12%	2%	0%	35%	14%	18%	0%	42
	Uncle(s)/Aunt(s)	0%	3%	0%	18%	0%	1%	0%	59%	17%	0%	63
	Other family	0%	2%	0%	11%	0%	2%	0%	1%	78%	0%	86
	Non-family	0%	32%	0%	0%	0%	0%	0%	43%	26%	0%	4
	Alone	0%	0%	0%	49%	0%	0%	0%	0%	0%	51%	2
	Total number of observations	2	159	22	242	3	36	26	54	123	1	680

Source: Own Calculations, CAPS

Table A 8: Living arrangement transitions of African male young adults across 2002 and 2005

Living Arrangement in 2005												
	Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/Aunt(s)	Other family	Non-family	Alone	Total number of observations
Living Arrangement in 2002	Both parents and grandparent(s)	41%	59%	0%	0%	0%	0%	0%	0%	0%	0%	4
	Both parents	0%	77%	0%	11%	0%	6%	0%	4%	0%	2%	186
	Mother and grandparent(s)	0%	0%	68%	9%	0%	20%	0%	3%	0%	0%	35
	Mother	0%	1%	0%	86%	0%	2%	1%	6%	0%	2%	168
	Father and grandparent(s)	0%	0%	0%	0%	100%	0%	0%	0%	0%	0%	1
	Father	0%	25%	0%	0%	0%	63%	0%	12%	0%	0%	33
	Grandparent	0%	0%	4%	0%	0%	0%	74%	7%	10%	0%	24
	Uncle(s)/Aunt(s)	0%	3%	0%	7%	0%	4%	0%	64%	15%	2%	42
	Other family	0%	2%	0%	11%	0%	0%	3%	0%	69%	15%	62
	Non-family	0%	0%	0%	42%	0%	0%	0%	25%	10%	23%	5
	Alone	0%	20%	0%	21%	0%	0%	0%	0%	0%	59%	5
	Total number of observations	2	161	24	181	1	36	30	31	75	2	565

Source: Own Calculations, CAPS

Table A 9: Living arrangement transitions of Coloured female young adults across 2002 and 2005

Living Arrangement in 2005											
	Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/ Aunt(s)	Other family	Alone	Total number of observations
Living Arrangement in 2002	Both parents and grandparent(s)	65%	27%	6%	0%	0%	0%	0%	2%	0%	40
	Both parents	0%	87%	0%	10%	0%	1%	0%	2%	0%	338
	Mother and grandparent(s)	4%	2%	67%	17%	0%	11%	0%	0%	0%	47
	Mother	0%	4%	0%	88%	0%	0%	1%	5%	0%	200
	Father and grandparent(s)	0%	0%	0%	45%	32%	0%	0%	23%	0%	4
	Father	0%	0%	0%	21%	0%	71%	0%	8%	0%	23
	Grandparent	2%	2%	5%	11%	0%	73%	4%	2%	0%	45
	Uncle(s)/Aunt(s)	0%	0%	0%	24%	0%	7%	55%	6%	7%	16
	Other family	0%	3%	0%	14%	0%	4%	0%	77%	0%	58
	Non-family	0%	24%	0%	57%	0%	0%	0%	20%	0%	6
	Alone	0%	0%	0%	0%	0%	0%	0%	0%	100%	1
	Total number of observations	27	314	36	244	2	28	40	13	71	778

Source: Own Calculations, CAPS

Table A 10: Living arrangement transitions of Coloured male young adults across 2002 and 2005

Living Arrangement in 2005													
	Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Grandparent	Uncle(s)/ Aunt(s)	Other family	Non-family	Alone	Total number of observations	
Living Arrangement in 2002	Both parents and grandparent(s)	60%	33%	3%	0%	2%	0%	3%	0%	0%	0%	36	
	Both parents	0%	88%	0%	6%	0%	5%	0%	0%	0%	0%	321	
	Mother and grandparent(s)	2%	0%	68%	16%	0%	3%	4%	1%	3%	0%	54	
	Mother	0%	2%	0%	95%	0%	0%	0%	3%	0%	0%	164	
	Father and grandparent(s)	30%	0%	0%	0%	41%	28%	0%	0%	0%	0%	4	
	Father	0%	0%	0%	6%	0%	94%	0%	0%	0%	0%	19	
	Grandparent	2%	6%	15%	13%	0%	5%	53%	6%	0%	0%	40	
	Uncle(s)/Aunt(s)	0%	0%	0%	23%	0%	9%	0%	62%	6%	0%	14	
	Other family	0%	4%	0%	14%	0%	5%	4%	0%	65%	4%	5%	21
	Non-family	0%	14%	0%	22%	0%	9%	0%	0%	28%	10%	17%	7
	Total number of observations	24	302	43	197	3	41	26	12	24	2	6	680

Source: Own Calculations, CAPS

Source: Own Calculations, CAPS

Table A 11: Living arrangement transitions of White female young adults across 2002 and 2005

Table A 11: Living arrangement transitions of White female young adults across 2002 and 2005										
Living Arrangement in 2005										
Living Arrangement in 2002		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father and grandparent(s)	Father	Other family	Alone	Total number of observation
	Both parents and grandparent(s)	52%	29%	0%	19%	0%	0%	0%	0%	6
	Both parents	0%	87%	0%	5%	0%	4%	3%	1%	93
	Mother and grandparent(s)	0%	0%	100%	0%	0%	0%	0%	0%	6
	Mother	0%	2%	0%	92%	0%	0%	7%	0%	28
	Father and grandparent(s)	0%	0%	0%	0%	100%	0%	0%	0%	2
	Father	0%	0%	0%	0%	0%	100%	0%	0%	5
	Other family	0%	0%	0%	0%	0%	0%	100%	0%	3
	Non-family	0%	0%	0%	0%	0%	0%	0%	100%	1
	Alone	0%	0%	0%	0%	0%	0%	0%	100%	4
Total number of observations	2	85	6	32	2	8	7	6	148	
Source: Own Calculations, CAPS										

*Source: Own Calculations, CAPS***Table A 12: Living arrangement transitions of White male young adults across 2002 and 2005**

Table A 12: Living arrangement transitions of White male young adults across 2002 and 2005										
Living Arrangement in 2005										
Living Arrangement in 2002		Both parents and grandparent(s)	Both parents	Mother and grandparent(s)	Mother	Father	Other family	Non-family	Alone	Total number of observation
	Both parents and grandparent(s)	100%	0%	0%	0%	0%	0%	0%	0%	2
	Both parents	0%	93%	0%	1%	5%	2%	0%	0%	87
	Mother and grandparent(s)	0%	0%	48%	26%	0%	0%	0%	26%	4
	Mother	0%	6%	0%	93%	2%	0%	0%	0%	23
	Father	0%	0%	0%	6%	94%	0%	0%	0%	11
	Uncle(s)/Aunt(s)	0%	0%	0%	100%	0%	0%	0%	0%	1
	Other family	0%	0%	0%	100%	0%	0%	0%	0%	1
	Non-family	0%	0%	0%	0%	0%	44%	56%	0%	2
	Alone	0%	0%	0%	0%	0%	0%	0%	100%	2
Total number of observations		2	82	2	26	14	3	1	3	133
Source: Own Calculations. CAPS										

Source: Own Calculations, CAPS

Figure A 1: Change in Logged Monthly Real Per Capita (2002 rand) across stayers and movers of different races

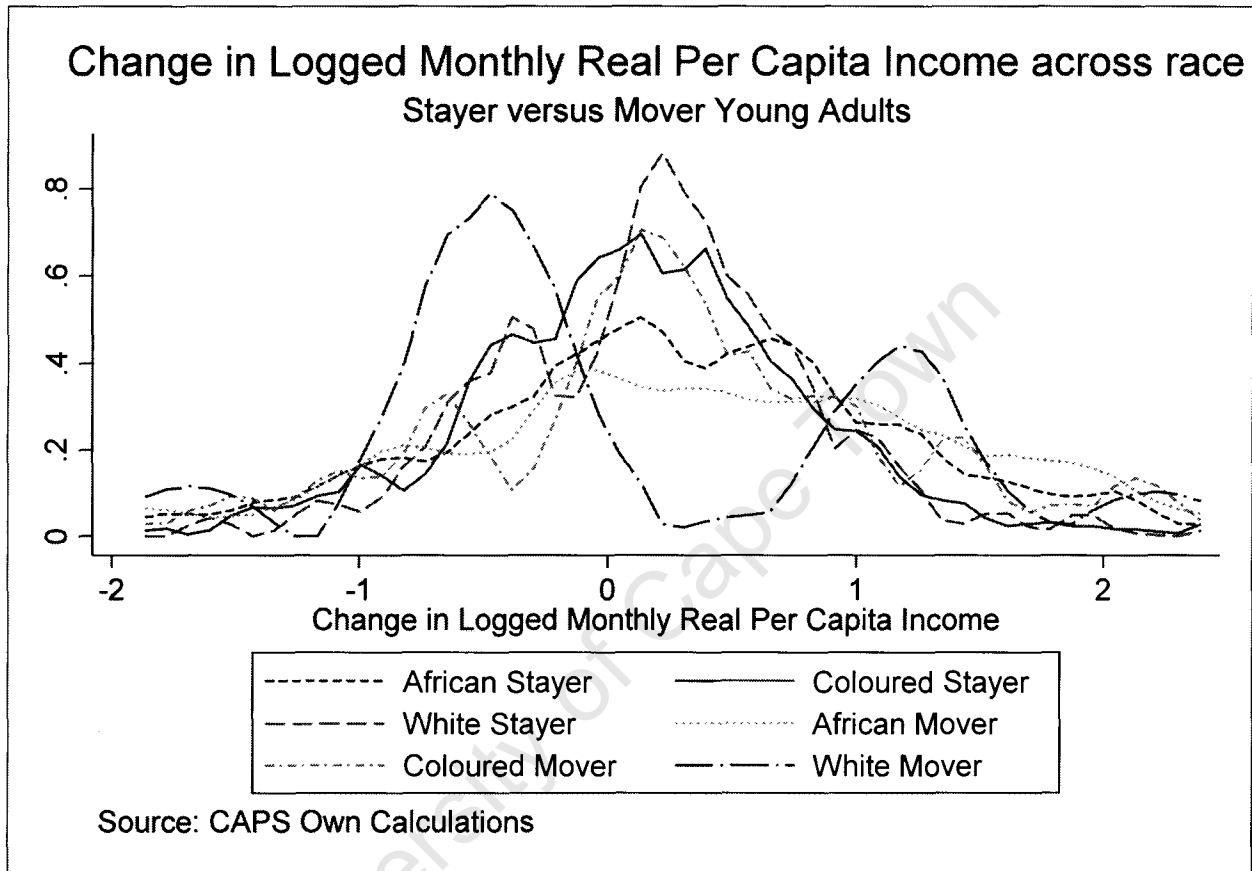


Figure A 2: Cumulative distribution of Logged Monthly Real Per Capita Income (2002 rands) for stayers and movers in 2002

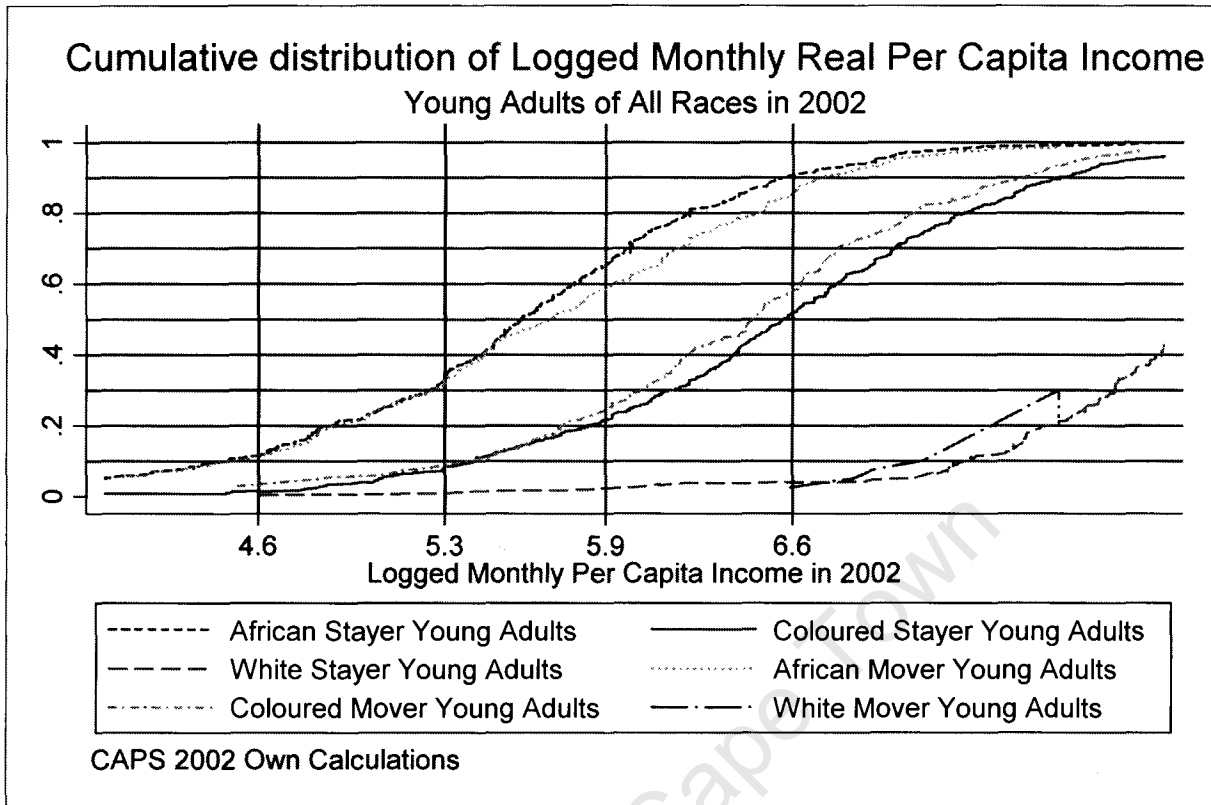


Figure A 3: Cumulative distribution of Logged Monthly Real Per Capita Income (2002 rands) for stayers and movers in 2005

